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Supreme Court, U.S.
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No. 94-445

In The
Supreme Court of the United States
October Term, 1994

UNIVERSAL MONEY CENTERS, INC.,
Petitioner,
v.
AMERICAN TELEPHONE & TELEGRAPH CO.
and UNIVERSAL BANK,
Respondents.

Petition For A Writ Of Certiorari To The
United States Court of Appeals
For The Tenth Circuit

PETITION FOR A WRIT OF CERTIORARI
Appendix A—G

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UNITED STATES COURT OF APPEALS
FOR THE TENTH CIRCUIT

UNIVERSAL MONEY CENTERS, INC., Plaintiff-Appellant,	)	
v.	)	
AMERICAN TELEPHONE & TELEGRAPH CO.,	)	No. 92-3259
UNIVERSAL BANK, Defendants-Appellees.	)	

ORDER
Entered June 10, 1994

Before TACHA, BRORBY and EBEL, Circuit Judges.

This matter comes on for consideration of appellant's petition for rehearing and suggestion for rehearing in banc.

Upon consideration whereof, the petition for rehearing is denied by the panel that rendered the decision sought to be reheard. Judge Ebel voted to grant rehearing.

In accordance with Rule 35(b), Federal Rules of Appellate Procedure, the suggestion for rehearing in banc was transmitted to all of the judges of the court who are in regular active service. No member of the panel and no judge in regular active service on the court having requested that the court be polled on rehearing in banc, Rule 35, Federal Rules of Appellate Procedure, the suggestion for rehearing in banc is denied.

Entered for the Court
ROBERT L. HOECKER, Clerk

By: /s/ L. Balzano
Deputy Clerk

PUBLISH

UNITED STATES COURT OF APPEALS

TENTH CIRCUIT

UNIVERSAL MONEY CENTERS, INC., Plaintiff-Appellant,	)	
v.	)	No. 92-3259
AMERICAN TELEPHONE & TELEGRAPH CO., and UNIVERSAL BANK, Defendants-Appellees.	)	

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS
(D.C. No. 90-2201-0)

Carter H. Kokjer (Joseph B. Bowman, Kokjer, Kircher, Bowman Johnson, P.C., Kansas City, Missouri, on the briefs), Kokjer, Kircher, Bowman & Johnson, P.C., Kansas City, Missouri, for the Plaintiff-Appellant.

Kirk T. May, of Rouse, Hendricks, German, May & Shank, P.C., Kansas City, Missouri, for the Defendants-Appellees. Noah J. Hanft, of AT&T Universal Card Services Corp., Jacksonville, Florida, of counsel.

Before TACHA, BRORBY, and EBEL, Circuit Judges.

TACEA, Circuit Judge.

Plaintiff-appellant Universal Money Centers, Inc. ("UMC") filed an action against defendant-appellee American Telephone and Telegraph Co. ("AT&T") alleging trademark infringement as a result of AT&T's use of the word "Universal" to describe its combination telephone and retail credit card. The district court entered an order granting AT&T's motion for summary judgment. UMC appeals. We exercise jurisdiction under 28 U.S.C. § 1291 and 15 U.S.C. § 1121 and affirm.

I. Background

UMC is a Missouri corporation with its principal offices in Shawnee Mission, Kansas, and is the owner of four registered trademarks incorporating the word "UNIVERSAL": (1) "UNIVERSAL MONEY CARD" (with the words "MONEY CARD" disclaimed); (2) "UNIVERSAL MONEY CENTER" (with the words "MONEY CENTER" disclaimed); (3) "UNIVERSAL MONEY" and design (with the word "MONEY" disclaimed); and (4) "UNIVERSAL MONEY" (with the word "MONEY" disclaimed). Since 1981, UMC has provided electronic banking services and has contracted with various financial institutions to issue to their customers plastic electronic banking cards bearing one of UMC's trademarks. (See Appendix.)

UMC has approximately 160,000 cardholders throughout the United States. UMC cardholders may use their cards to purchase goods and services at selected retail establishments, to access selected insurance products, and to obtain cash from automatic teller machines ("ATMs") operated by UMC or from ATMs owned by organizations such as American Express, Discover, Cirrus and BankMate with whom UMC has an association or affiliation through an electronic funds transfer network. Reciprocally, the cardholders of these affiliated organizations may use their cards in any of the ATMs operated by UMC. UMC customarily places its trademarks on its electronic banking cards, on printed material accompanying the cards when the cards are mailed to customers, on ATM receipts, on signs displayed at banks and business establishments accepting UMC's cards and on the ATMs themselves.

On March 26, 1990, AT&T introduced a new combination telephone and retail credit card -- the "AT&T Universal Card." (See Appendix.) As of February 1991, AT&T had spent over $60 million to promote its card by means of direct mail and telemarketing campaigns and by advertising in the media, including national newspapers, magazines and television. AT&T has more than 10,000,000 cardholders. The AT&T Universal Card is affiliated with Visa and MasterCard and may be used to place telephone calls, to make purchases at retail stores affiliated with VISA and MasterCard and to obtain cash from ATMs displaying the "Plus" or "VISA" logos. AT&T cardholders cannot use their cards to obtain cash from ATMs operated by UMC because AT&T and UMC are not affiliated.

UMC first became aware of the AT&T Universal Card on March 26, 1990, when some UMC executives and

employees saw an AT&T television commercial broadcast during the Academy Awards presentation. Shortly thereafter, UMC filed a motion for a preliminary injunction seeking to enjoin AT&T[1] from using the term "Universal" in connection with the AT&T Universal Card on the basis that AT&T's use of the term constituted trademark infringement under 15 U.S.C. § 1114(1), false designation of origin under 15 U.S.C. § 1125(a), and unfair competition under state common law. On August 30, 1990, the district court issued an order denying UMC's motion for a preliminary injunction. UMC then amended its complaint by adding a request for money damages.

On November 7, 1991, AT&T filed a motion for summary judgment. The court granted AT&T's motion on June 16, 1992, finding as a matter of law that AT&T's use of the word "Universal" is not likely to cause confusion as to the source of the AT&T Universal Card or the source of UMC's products and services. UMC now appeals.

II. Discussion

A. Standard of Review

We review the grant of summary judgment de novo, using the same standard applied by the district court. Applied Genetics Int'l, Inc. v. First Affiliated Sec., Inc., 912 F.2d 1238, 1241 (10th Cir. 1990). Summary judgment is appropriate "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to

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1 UMC later added Universal Bank as a defendant. Universal Bank is the bank sponsor of the AT&T Universal Card.

a judgment as a matter of law." Fed. R. Civ. P. 56(c). "When applying this standard, we examine the factual record and reasonable inferences therefrom in the light most favorable to the party opposing summary judgment." Applied Genetics, 912 F.2d at 1241.

While the party moving for summary judgment bears the burden of showing the absence of a genuine issue of material fact, the moving party need not negate the nonmovant's claim, but need only point out to the district court "that there is an absence of evidence to support the nonmoving party's case." Celotex Corp. v. Catrett, 477 U.S. 317, 325 (1986). If the moving party carries this initial burden, the party opposing the motion for summary judgment "may not rest upon mere allegations or denials of his pleading," Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 256 (1986), but "must set forth specific facts showing that there is a genuine issue for trial as to those dispositive matters for which it carries the burden of proof." Applied Genetics, 912 F.2d at 1241 (emphasis added); see also Celotex, 477 U.S. at 324. An issue of material fact is "genuine" if a "reasonable jury could return a verdict for the nonmoving party." Anderson, 477 U.S. at 248. "The mere existence of a scintilla of evidence in support of the plaintiff's position will be insufficient" to defeat a properly supported motion for summary judgment. Id. at 252.

B. Likelihood of Confusion

The unauthorized use of "any reproduction, counterfeit, copy, or colorable imitation" of a registered trademark in a way that "is likely to cause confusion" in the marketplace concerning the source of the different products constitutes trademark infringement under the Lanham Act. 15 U.S.C. § 1114(l)(a); see Beer Nuts, Inc. v. Clover Club Foods Co. (Beer Nuts II), 805 F.2d 920, 924

(10th Cir. 1986); see also Jordache Enters., Inc. v. Hogg Wyld, Ltd., 828 F.2d 1482, 1484 (10th Cir. 1987) (noting that a similar test is used for false designation of origin claims under 15 U.S.C. § 1125(a)). Notwithstanding the fact that UMC's registered trademarks have become incontestable under 15 U.S.C. § 1065, "[t]he party alleging infringement has the burden of proving likelihood of confusion." Jordache, 828 F.2d at 1484. Thus, to prevail on its claims, UMC must demonstrate that AT&T's use of the term "Universal" is likely to cause consumers to believe either that UMC is the source of the AT&T Universal Card (direct confusion), or alternatively, that AT&T is the source of UMC's products and services (reverse confusion). See Sands, Taylor & Wood Co. v. Quaker Oats Co., 978 F.2d 947, 958 (7th Cir. 1992) (noting that several circuits have found reverse confusion to be a valid basis for a trademark infringement claim under the Lanham Act), cert. denied, 113 S. Ct. 1879 (1993); see also Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co., 561 F.2d 1365, 1371-72 (10th Cir. 1977) (establishing the doctrine of "reverse confusion"), cert. dismissed, 434 U.S. 1052 (1978).

The following factors are considered in determining whether there is a likelihood of confusion between two marks:

(a) the degree of similarity between the designation and the trade-mark or trade name in

(i) appearance;

(ii) pronunciation of the words used;

(iii) verbal translation of the pictures or designs involved;

(iv) suggestion;

(b) the intent of the actor in adopting the designation;

(c) the relation in use and manner of marketing between the goods or services marketed by the actor and those marketed by the other;
(d) the degree of care likely to be exercised by purchasers.

Jordache, 828 F.2d at 1484. "This list is not exhaustive. All of the factors are interrelated, and no one factor is dispositive." Id. In this case, for example, evidence of actual confusion and the strength or weakness of UMC's trademarks are two additional relevant factors. See Nikon Inc. v. Ikon Corp., 987 F.2d 91, 94 (2d Cir. 1993) (listing evidence of actual confusion and strength or weakness of trademark as relevant factors); DeCosta v. Viacom Int'l, Inc., 981 F.2d 602, 606 (1st Cir. 1992) (same), cert. denied, 113 S. Ct. 3039 (1993); Americana Trading, Inc. v. Russ Berrie & Co., 966 F.2d 1284, 1287 (9th Cir. 1992) (same).

After examining the above four factors as well as evidence of actual confusion and the strength of UMC's marks, the district court concluded as a matter of law that consumers in the marketplace are not likely to be confused. UMC contends that the district court erred in granting summary judgment because conflicting evidence of confusion demonstrates that a genuine factual dispute exists. Because we find that a reasonable jury could not conclude that AT&T's use of the word "Universal" is likely to cause confusion as to the source of the AT&T Universal card or UMC's products and services, we affirm the district court's grant of summary judgment. [2]

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2 UMC suggests that trademark infringement cases should not be decided at the summary judgment stage because they involve complex factual issues and require credibility determinations. While we agree that the issue of likelihood of confusion is a ques-

(Footnote Continued on Next Page)

1. Similarity of the Marks

The degree of similarity between marks is tested on three levels as encountered in the marketplace: sight, sound, and meaning. Beer Nuts, Inc. v. Clover Club Foods Co. (Beer Nuts I), 711 F.2d 934, 940 (10th Cir. 1983). In evaluating similarity, we must not engage in a "side-by-side" comparison. Id. at 941. Rather, "the court must determine whether the alleged infringing mark will be confusing to the public when singly presented." Id. Further, similarities between marks should be given more weight than differences. Jordache, 828 F.2d at 1485.

We agree with the district court that reasonable jurors could only conclude that "the degree of similarity between UMC's registered trademarks and the mark 'AT&T Universal Card' is minimal." First, the appearance of the marks is strikingly dissimilar, thus precluding confusion even when the marks are "singly presented." Although both marks use the word "universal,"

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tion of fact, Amoco Oil Co. v. Rainbow Snow, Inc., 809 F.2d 656, 661 (10th Cir. 1987), this does not preclude the entry of summary judgment in trademark infringement cases. Indeed, as the Second Circuit has pointed out,

> courts retain an important authority to monitor the outer limits of substantial similarity within which a jury is permitted to make the factual determination whether there is a likelihood of confusion as to source. Though likelihood of confusion is frequently a fairly disputed issue of fact on which reasonable minds may differ, the issue is amenable to summary judgment in appropriate cases.

Warner Bros. v. American Broadcasting Cos., 720 F.2d 231, 246 (2d Cir. 1983) (citations omitted).

significant differences exist in the overall design of AT&T's card and UMC's cards and ATM markings, including the lettering styles, logos and coloring schemes. UMC never uses the UNIVERSAL mark alone, but always uses it with "MONEY"--UNIVERSAL MONEY, UNIVERSAL MONEY CARD, and UNIVERSAL MONEY CENTER. AT&T, on the other hand, never uses the word "Universal" with the word "money," but rather with the AT&T mark. Unlike AT&T's card, neither the Visa nor the MasterCard logo appear on UMC's cards. In addition, a significant number of UMC's cards are not primarily marked as "UNIVERSAL MONEY" cards at all, but instead display the name of an affiliate bank on the front of the card. Second, the marks have different sounds and cadences--"AT&T Universal Card" versus "Universal Money." Third, largely relating back to the first two factors, the two marks do not convey the same idea or stimulate the same mental reaction. See Standard Oil Co. v. Standard Oil Co., 252 F.2d 65, 74 (10th Cir. 1958).

Despite these marked differences, UMC argues that a question for the jury exists because the ward "Universal" on AT&T's card is equal in prominence to the house mark of "AT&T," and "yet is set off from [the mark "AT&T"] so as to assume a significance of its own in a manner that is confusingly similar to the name 'UNIVERSAL' on [UMC's] money card." This argument misses the mark.

While it is true that the dominant portion of each mark is entitled to greater weight in evaluating the likelihood of confusion, each mark is to be considered as a whole. See Giant Food, Inc. v. Nation's Foodservice, Inc., 710 F.2d 1565, 1570-71 (Fed. Cir. 1983). Even assuming that the word "Universal" is the dominant portion of AT&T's mark, the mark as a whole clearly is

not "confusingly similar" to UMC's marks, especially in light of the distinctive AT&T house mark prominently displayed on the front of AT&T's card. See Pignons S.A. de Mecanique de Precision v. Polaroid Corp., 657 F.2d 482, 487 (1st Cir. 1981) (affirming summary judgment for defendant Polaroid in part because Polaroid's logo was clearly displayed on its products and advertising). Moreover, UMC's argument is based on the erroneous contention that, just because the words "MONEY CARD," "MONEY CENTER," and "MONEY" have been disclaimed by the United States Patent and Trademark Office as descriptive of the services UMC renders, this court must make its comparison by focusing primarily on the "UNIVERSAL" mark on UMC's card. Our focus, however, is not so limited. "[T]he disclaimed material still forms a part of the mark[s] and cannot be ignored in determining likelihood of confusion." Giant Food, 710 F.2d at 1570. In short, the differences between the marks greatly outweigh any similarities.

2. Intent of AT&T in Adopting the Term "Universal"

AT&T selected the word "Universal" to describe its new combination calling and retail credit card after several employees suggested the word in a "name game" contest and after conducting consumer reaction studies. In accordance with AT&T's normal operating procedures, AT&T's in-house trademark counsel then conducted a trademark search of the word "universal." Her search turned up approximately 200 registered marks using the word "universal," including UMC 's marks. She analyzed UMC's marks in their entirety, concluded that there was no likelihood of confusion, and advised AT&T business personnel that the word "universal" was available, but

that its use posed a risk because the word was widely used and because AT&T was "particularly vulnerable to complaints of infringement because we are AT&T."

The district court concluded that "the record is void of any evidence that AT&T chose the term 'Universal' with the intent of copying UMC's marks or confusing the public as to the sponsorship or affiliation of its card." On appeal, UMC alleges that the facts surrounding AT&T's adoption of the word "Universal" raise a genuine issue of material fact as to AT&T's intent. We disagree. Although the "deliberate adoption of a similar mark may lead to an inference of intent to pass off goods as those of another which in turn supports a finding of likelihood of confusion," Beer Nuts II, 805 F.2d at 927, "mere knowledge [of a similar mark] should not foreclose further inquiry," GTE Corp. v. Williams, 904 F.2d 536, 541 (10th Cir.), cert. denied, 498 U.S. 998 (1990). "The proper focus [remains] whether defendant had the intent to derive benefit from the reputation or goodwill of plaintiff." Jordache, 828 F.2d at 1485 (internal quotations omitted). Here, viewing the evidence in the light most favorable to UMC, there are absolutely no facts to support an inference that AT&T adopted the word "Universal" with the intent to derive benefit from UMC's marks. AT&T's in-house trademark counsel undoubtedly knew about UMC's federally registered marks and that UMC and other owners of the mark might challenge AT&T's use of the word "universal." However, in the larger factual context of this case, this is simply not enough. Indeed, the fact that AT&T has spent more than $60 million in promoting its card strongly suggests that AT&T is relying on its own publicity and reputation, and not on that of UMC. See Proctor & Gamble Co. v. Johnson & Johnson Inc., 485 F. Supp. 1185, 1201 (S.D.N.Y. 1979), aff'd, 636

F.2d 1203 (2d Cir. 1980).

3. Similarity of Services and Manner of Marketing Services

a. Similarity of services

"The greater the similarity between the products and services, the greater the likelihood of confusion." Exxon Corp. v. Texas Motor Exch., 628 F.2d 500, 505 (5th Cir. 1980). The district court found that reasonable jurors could conclude only that the services offered through the cards are substantially different, pointing out that the UMC cards are used primarily to obtain cash from ATMs with the additional ability to make certain retail debit purchases and to access selected insurance products, whereas the AT&T Universal Card is a credit card used primarily to make long-distance telephone calls and retail purchases with the additional benefit of obtaining cash from ATMs. We find this distinction to be overly technical for purposes of the "likelihood of confusion" test. The services offered through the cards are similar even though technical differences exist as to their manner of operation and primary purpose. Both cards can be used to obtain cash at ATMs, both can be used to make selected retail purchases, and both can be used to access selected insurance benefits. Nevertheless, though this factor weighs in UMC's favor, it carries little weight in light of the fact that the marks themselves are strikingly dissimilar.

b. Similarity in manner of marketing services

AT&T has spent millions of dollars advertising and promoting the AT&T Universal Card directly to the public through a variety of media sources. In contrast, UMC currently does not advertise directly to the public. Rather, UMC markets its services primarily to financial

institutions who, in turn, market cards to their own account-holders. The district court concluded, and we agree, that these significant differences in the parties' methods of advertising curtail the possibility of confusion. See Victory Pipe Craftsmen, Inc. v. Faberge, Inc., 582 F. Supp. 551, 558 (N.D. Ill. 1984).

UMC nevertheless contends that a genuine factual issue exists because both cards are distributed by sponsoring banks through the mail with accompanying promotional materials which explain the accessible services and methods of use. Though both cards are issued by a sponsoring bank, the distribution process cannot be said to create confusion in this case. Someone desiring an AT&T Universal Card must first seek out and consciously select AT&T as the card provider. Thus, AT&T customers are aware that they are receiving an AT&T card. Someone desiring a UMC card may only receive a card if he or she has an account at a financial institution that is affiliated with UMC. Thus, UMC cardholders are not given the impression that they are receiving a UMC card, but rather a particular financial institution's ATM card. In the end, the fact that the sponsoring bank may send both cards in the mail with documentation is irrelevant.

4. Degree of Care Exercised by Consumers

The fourth factor relevant to the likelihood of confusion inquiry is the degree of care with which consumers choose the products in the marketplace. Beer Nuts I, 711 F.2d at 941. Based on the uncontroverted testimony of AT&T cardholders, the district court concluded that consumers exercise at least moderate care in choosing between providers of ATM cards. See Omaha Nat'l Bank v. Citibank (S. Dakota), N.A., 633 F. Supp. 231, 235-36 (D. Neb. 1986) (holding that consumers

exercise a relatively high degree of care when choosing between providers of ATM cards). UMC does not dispute the fact that consumers exercise moderate care in choosing an ATM card. Rather, UMC argues that consumers exercise a low degree of care when using their ATM cards, thus supporting its claim of likelihood of confusion.

We agree with UMC that the inquiry in this case should focus on the consumers' actions at the time they use their cards rather than when they choose an ATM card provider because the purpose of the inquiry is to determine the degree of care used by consumers at the time of "purchase." One does not make a "purchase" when selecting a provider of an ATM card. Rather, one purchases products and services when one uses the ATM card. We also agree with UMC that consumers exercise a low degree of care when using their ATM cards. This much is evident from a number of affidavits from AT&T's own cardholders, who stated that they thought ATMs accepted almost any type of card.

Nevertheless, the same AT&T customer affidavits demonstrate that the low degree of care exercised by consumers when using their ATM cards does not create a material factual issue regarding the likelihood of confusion in this case. The affiants stated that their use of the AT&T Universal Card in UMC ATMs was not the result of any confusing similarities between the two marks. They "just figured any machine was going to work." Thus, UMC's argument proves too much--any ATM card can be confused with any other ATM card or machine, notwithstanding any similarities between the marks on the cards or machines.

5. Strength of the Mark

Although not specifically listed as a relevant factor

in Beer Nuts II, we believe the district court properly considered the relative weakness of UMC's marks. "A strong trademark is one that is rarely used by parties other than the owner of the trademark, while a weak trademark is one that is often used by other parties." Exxon, 628 F.2d at 504. "The greater the number of identical or more or less similar trademarks already in use on different kinds of goods, the less is the likelihood of confusion" between any two specific goods incorporating the weak mark. Id. (quoting Restatement of Torts § 729, comment g (1938)). As the district court stated:

> Here, UMC has clearly used its marks for a substantial period of time. Nonetheless, the evidence produced by AT&T and uncontroverted by UMC indicates that the term "Universal" is widely used by parties other than UMC. In particular, the term is in use by approximately six financial institutions throughout the country who have used the term on their own ATM cards. The term is also in use by two credit card companies ("Universal Gold Card" and "Universal Premiere Card") [which] have issued approximately 240,000 credit cards displaying the term. Further, Dun & Bradstreet shows over 200 active businesses employing the term. In short, the term is used by a significant number of entities and is thus a relatively weak mark.

6. Actual Confusion

Actual confusion in the marketplace is often considered the best evidence of likelihood of confusion. Jordache, 828 F.2d 1487. In support of its motion for

summary judgment, AT&T offered the results of a thorough market research survey conducted by Dr. Thomas DuPont.[3] The survey involved interviews with 303 of approximately 400 AT&T cardholders who attempted to use their AT&T Universal Cards in UMC ATMs from April 1990 to December 1990. The data showed that, at most, 2.6% of these cardholders appeared to make an association or connection between the word "UNIVERSAL" on the ATMs and the word "Universal" on the AT&T Universal Card. Dr. DuPont concluded that 2.6% is a de minimis number and that it is extremely unlikely that consumers make any connection or association between the AT&T Universal Card and UMC.

As further evidence of the lack of actual confusion in the marketplace, AT&T offered the testimony and affidavits of 40 of the 400 AT&T cardholders who attempted to use their cards in a UMC ATM. A sample of the cardholders' affidavits and testimonies is enlightening. Danny Ray Cox stated:

> I am not familiar with the various ATM networks. My understanding and

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3 Surveys can be used as evidence of actual confusion, "but their evidentiary value depends on the relevance of the questions asked and the technical adequacy of the survey procedures." Coherent, Inc. v. Coherent Technologies, Inc., 935 F.2d 1122, 1126 (10th Cir. 1991). Dr. DuPont is an expert in the field of marketing research, consumer behavior and marketing and consumer communications. UMC did not challenge his qualifications and did not controvert that the survey was conducted in compliance with generally accepted survey principles and recognized professional survey standards.

> experience has been that ATMs generally accept almost any type of card. I am not familiar with, nor have I ever heard of, Universal Money. The fact that Universal Money's logo may have been on the Metro North Bank ATM had nothing to do with why I tried my AT&T card at that ATM.

Stephen G. Hoofinger similarly stated:

> On October 5, 1990 I attempted to use my AT&T Universal Visa Card to obtain cash from the ATM at the Merchants Bank on Westport Road, Kansas City, MO. I had never used my AT&T Universal Visa Card to obtain cash from an ATM before this occasion. I did not know if my AT&T Universal Visa Card would work in the ATM at the Merchants Bank, but I thought I would try it anyway because I was near the bank and needed cash. The ATM at the Merchants Bank rejected my AT&T card.
>
> . . . .
>
> The fact that Universal Money Centers' logo may have been on the Merchants Bank's ATM had nothing to do with why I tried my AT&T Universal Visa Card at that ATM. I have never heard of Universal Money Centers.

Wolfgang Webern testified as follows:

Q. Now, why did you think you could use your AT&T Universal Card at the ATM at the 7-11 store on St. Charles Rock Road?

A. Because I've used another card, a Discover Card, I had used that in the same machine. It had a different personal identification number, and it worked, and I assumed because the Discover Card worked, that this card would also work, and I was mainly going there to try this out with the different personal identification number that I had.

. . . .

Q. Okay. Do you recall seeing a Universal Money Center or a Universal Money sign on the ATM?

A. No.

Q. Okay, and do you know that your AT&T Universal Card had the word universal on its face?

A. Yes.

Q. Now, did the fact that the word universal was on your AT&T Universal Card and the fact that the word Universal Money or Universal Money Center may have been on the ATM, have anything to do with why

you thought you could use your AT&T Universal Card in that ATM?

A. No. I just thought it was a money machine, and since I had used the other credit card, that this one would work also.

Judy Gail Huber Pollan testified:

Q. I want to make sure this is clear for the record. Is it fair to say that you did not decide to use this machine because of any Universal Money or Universal Money Center sign on the machine?

A. Yes.

Q. That was not a reason why you--

A. That was not the reason why I used it. It is just an ATM, and I went to an ATM. I never even put Universal together with anything.

In opposition to AT&T's motion for summary judgment, UMC submitted the affidavit of Marilyn Campo, UMC's Special Projects Coordinator, in which she states that 14 of 64 AT&T cardholders contacted as part of a UMC telephone poll said they used the AT&T Universal Card in a UMC ATM because the word "universal" was displayed on both the card and the ATM. Additionally, Dave Windhorst, UMC's Senior Vice-President, testified that UMC is receiving complaints and inquiries from cardholders and financial institutions

about any affiliation between UMC's ATM card and the AT&T Universal Card. Without providing any underlying data, he testified further that AT&T's cardholders are attempting to use their cards in UMC ATMs at a rate approximately 4.5 times greater than would be expected based on the number of AT&T Universal Cards outstanding as compared to other third-party cards. UMC also offered the results of Dr. DuPont's survey and the testimony of Richard Fjellman, an AT&T cardholder who attempted to use his AT&T Universal Card in a UMC ATM.[4] UMC alleges that this evidence of actual confusion creates a material factual issue regarding the likelihood of confusion. We disagree.

Because we must view the evidence in the light most favorable to UMC, Applied Genetics, 912 F.2d at 1241, we assume that the employee affidavits, the survey results and Mr. Fjellman's testimony constitute some evidence of actual confusion, though this is a generous interpretation of the record. Nevertheless, evidence of some actual confusion does not dictate a finding of

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4 UMC offered two other pieces of evidence, neither of which demonstrates actual confusion. First, UMC introduced an AT&T cardholder's vitriolic response to a UMC inquiry regarding the use of her AT&T Universal Card at a UMC ATM. The cardholder's response, however, does not show that she was confused by the similarity of the marks, but merely shows that she was confused about the litigation between UMC and AT&T. Second, UMC offered the deposition testimony of Judy Qualkinbush, Assistant Vice President of Blue Springs Bank. Ms. Qualkinbush's testimony, however, does not show actual confusion. She merely testified that, upon seeing the AT&T Universal Card, she was "concerned" that her bank's customers would be confused, even though she did not think the card was affiliated with UMC in any way.

likelihood of confusion. Woodsmith Pub. Co. v. Meredith Corp., 904 F.2d 1244, 1249 (8th Cir. 1990) (stating that "[t]hough evidence of actual confusion may be the best evidence of likelihood of confusion, it is not conclusive of its existence"). We find these isolated instances of actual confusion to be de minimis. See 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 23.02[2][b], at 29 (3d ed. 1992) ("Evidence of actual confusion of a very limited scope may be dismissed as de minimis: 'Probable confusion cannot be shown by pointing out that at some place, at some time, someone made a false identification.'") (quoting McGraw-Hill Pub. Co. v. American Aviation Assocs., Inc., 117 F.2d 293, 295 (D.C. Cir. 1940)). De minimis evidence of actual confusion does not establish the existence of a genuine issue of material fact regarding likelihood of confusion, especially where, as here, AT&T has introduced substantial, reliable evidence in support of its motion for summary judgment demonstrating no significant actual confusion in the marketplace. See Woodsmith, 904 F.2d at 1249 (holding that some evidence of actual confusion does not create a genuine issue of material fact regarding likelihood of confusion where defendant presents evidence providing a "reasonable explanation and serving to discount for [the] isolated instances of confusion"). The de minimis evidence of actual confusion is especially undermined in this case by the sheer lack of similarity between the marks. We therefore conclude, as did the district court, that UMC failed to come forth with sufficient "specific facts [of actual confusion] showing that there is a genuine issue for trial" on the likelihood of confusion issue. Applied Genetics, 912 F.2d at 1241.

In sum, though none of the six factors alone is dispositive, we conclude as a matter of law that there is

no likelihood of confusion between the two marks. UMC's failure to sufficiently rebut AT&T's preliminary showing of no significant actual confusion in the marketplace, particularly in light of the fact that the two marks are strikingly dissimilar, convinces us that a "reasonable jury could [not] return a verdict for [UMC]." Anderson, 477 U.S. at 248. Therefore, no genuine issue of material fact exists for trial and summary judgment is appropriate.

C. **Outstanding Discovery Requests**

During discovery, UMC requested that AT&T disclose the identity of all cardholders located within a thirty mile radius of the Kansas City and St. Louis metropolitan areas. AT&T responded by listing the number of accounts opened per month in the designated areas and by objecting to the request for the identity of each cardholder. UMC then filed a motion to compel AT&T to provide complete responses and to impose sanctions against AT&T. The district court found UMC's motion moot when it granted AT&T's motion for summary judgment.

UMC contends that summary judgment is premature because the district court never ruled on UMC's motion to compel. According to UMC, obtaining the requested information will enable it to conduct a survey of the Kansas City and St. Louis AT&T Universal Card cardholders and thereby "pursue further relevant evidence of actual consumer confusion which goes to the issue of likelihood of confusion."

The rule is clear: "Although the Supreme Court has held that, under Fed. R. Civ. P. 56 (f) , summary judgment [should] be refused where the nonmoving party has not had the opportunity to discover information that is essential to his opposition, this protection arises only if

the nonmoving party files an affidavit explaining why he or she cannot present facts to oppose the motion." Dreiling v. Peugeot Motors of Am., Inc., 850 F.2d 1373, 1376 (10th Cir. 1988) (internal quotations and citations omitted); see also Pasternak v. Lear Petroleum Exploration, Inc., 790 F.2d 828, 832-33 (10th Cir. 1986) ("Where a party opposing summary judgment and seeking a continuance pending completion of discovery fails to take advantage of the shelter provided by Rule 56(f) by filing an affidavit, there is no abuse of discretion in granting summary judgment if it is otherwise appropriate."). Here, UMC failed to file a Rule 56(f) affidavit explaining why it could not present facts to oppose AT&T's motion.

Additionally, even if we assume that strict compliance with the rule is not required and acknowledge that the district court was apprised of UMC's alleged need for the requested discovery by virtue of UMC's outstanding motion to compel, UMC has failed to demonstrate "how additional time will enable [it] to rebut [AT&T]'s allegations of no genuine issue of fact," Dreiling, 850 F.2d at 1377 (quoting Patty Precision v. Brown & Sharpe Mfg. Co., 742 F.2d 1260, 1264 (10th Cir. 1984)), as is also required of a Rule 56(f) affidavit. Surveying AT&T cardholders in the Kansas City and St. Louis metropolitan areas is not likely to produce significant evidence of actual confusion because none of these cardholders have attempted to use their cards in UMC ATMs. The 400 AT&T cardholders who actually attempted to use their cards in UMC ATMs is the pool of cardholders most likely to show significant confusion, and a study of these cardholders has already been completed, showing that even those in this pool were not confused. Moreover, though UMC had the opportunity, it failed to conduct a thorough survey of the

400 AT&T cardholders. [5] UMC contends that it was precluded from completing an unbiased survey of the 400 AT&T cardholders because they had been tainted by Dr. DuPont's previous survey. Even so, Dr. DuPont's survey itself clearly demonstrates that only a de minimis 2.6% of the 400 cardholders appeared to make any association between the two marks, and we fail to see how surveying Kansas City and St. Louis cardholders who never attempted to use their AT&T Universal Cards in UMC ATMs can possibly produce more evidence of actual confusion than Dr. DuPont's thorough survey.

III. Conclusion

We find that a reasonable jury could not conclude

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[5] The law firm representing UMC sent letters to some of the 400 AT&T cardholders explaining the firm's representation of UMC and "respectfully requesting" that the AT&T cardholders sign and date an enclosed form. The form accompanying each letter read as follows:

> To Whom It May Concern:
>
> I have used my AT&T Universal Card in a Universal Money ATM machine and my requested transaction was rejected.
>
> At the time I attempted the said transaction, I believed that my AT&T Universal Card would work in the Universal Money ATM because the name "UNIVERSAL" appeared both on my card and the involved ATM machine.
>
> Signed:_____
>
> Dated:_____

(Footnote Continued on Following Page)

that AT&T's use of the word "Universal" is likely to cause confusion as to the source of the AT&T Universal card or UMC's products and services. We AFFIRM the district court's grant of summary judgment in favor of AT&T.

(Footnote Continued from Previous Page)

None of the AT&T cardholders signed and returned this form.

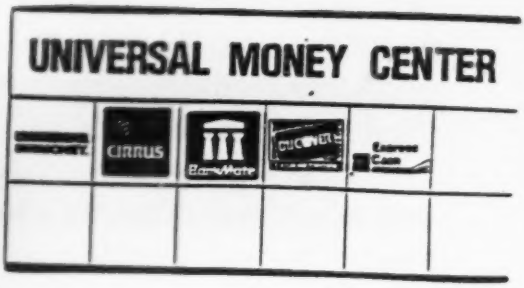
We also point out that, after identifying the 400 AT&T cardholders who attempted to use their cards in UMC ATMs from April 1990 to December 1990, UMC abandoned the process of identifying attempted AT&T Universal Card uses at the direction of its legal counsel. Thus, UMC's own failure to continue identifying the AT&T cardholders who were attempting to use their cards in UMC ATMs has prevented it from surveying other AT&T cardholders in the pool most likely to show signs of confusion.

APPENDIX

UMC's Trademarks

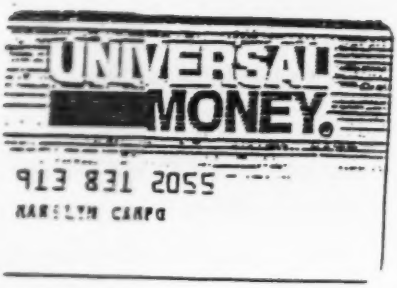
(1)

(2)



(3)

(4)



AT&T Universal Card

Universal Money Centers v. AT&T, Case No. 92-3259 Ebel, Circuit Judge, dissenting.

I respectfully dissent from the majority's decision that a reasonable jury could not conclude that AT&T's use of the word "Universal" on its multiuse financial and phone card is likely to cause confusion as to the source of the AT&T Universal card or UMC's products and services. I think UMC presented enough evidence that, when taken in the light most favorable to it, a reasonable jury could find in its favor. Additionally, I think the district court erred when it granted AT&T summary judgment despite UMC's repeated requests for discovery. Applying the same summary judgment standard that the majority articulated, I would find that there is a genuine issue of material fact in dispute.

UMC's evidence includes the fact that in a nine month period, in a limited geographic area, 400 AT&T cardholders attempted to use their cards in UMC's ATMs. The AT&T card displays the word "Universal" in the upper right-hand corner of the card, the AT&T logo in the upper left-hand corner, and the Visa logo in the lower right-hand corner. Thus, a cardholder-might think that the AT&T card is sponsored both by Visa and by Universal. Additionally, AT&T's own expert found some evidence of actual confusion.

Moreover, as the majority acknowledges, UMC submitted affidavits from two employees that showed actual confusion on the part of AT&T customers. Marilyn Campo, UMC's Special Projects Coordinator, stated that she conducted a phone survey of 64 AT&T cardholders who had used their card in one of UMC's ATMs and that 14 of them (22%) said they used their AT&T card in the UMC ATM because the name "Universal" appeared on

both. Mr. Windhorst, Senior Vice-President of UMC, stated that AT&T cardholders were 4.5 times more likely to use their card in UMC's ATMs than other ATM users who did not use a UMC card. Mr. Windhorst also testified that UMC had received complaints and inquiries from cardholders and financial institutions about any affiliation between AT&T and UMC.

The majority dismisses UMC's evidence of actual confusion as de minimis, and instead places much weight on Dr. DuPont's survey, which itself found some actual confusion. The majority, and AT&T, however, fail to explain why UMC's telephone survey of 64 of the same 400 cardholders that encompassed the universe for Dr. DuPont's survey yielded a 22% rate of confusion, while Dr. DuPont's yielded only a 2.6% rate of confusion. Moreover, no explanation is provided that would explain, as anything but, confusion, the evidence that AT&T cardholders are 4.5 times more likely to attempt to use their card in UMC's ATMs than other ATM users who did not use a UMC card. At a minimum, these affidavits call into question Dr. DuPont's results and clearly raise a material issue of fact that should have been resolved by a jury. UMC also offered the testimony of the Assistant Vice-President of a bank that utilized UMC's Universal Money Card who expressed concern that the bank's customers would confuse the AT&T Universal card with UMC's Universal Money Card.

It is the jury who should weigh the evidence rather than a judge on a summary judgment motion. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 249 (1986) ("at the summary judgment stage the judge's function is not himself to weigh the evidence and determine the truth of the matter but to determine whether there is a genuine issue for trial"). The two cards present significant

similarity in both emphasizing the word "Universal." UMC bolstered that evidence with expert testimony, surveys, and anecdotal evidence of actual confusion. This seems to me to be more than sufficient to establish a genuine dispute of material fact going to the issue of likelihood of confusion. I would reverse the granting of summary judgment.

In addition, UMC's repeated requests for discovery should have caused the district court to deny AT&T summary judgment at this stage in the proceedings. The record shows an ongoing attempt by UMC to obtain discovery from AT&T and AT&T's repeated failure to comply with UMC's requests. UMC first sent interrogatories to AT&T requesting the number of open and active AT&T "Universal" accounts and the names and addresses for the accounts within the Kansas City, Kansas and St. Louis, Missouri metropolitan areas. AT&T's refusal to provide the information prompted UMC's motion to compel discovery and impose sanctions against AT&T. Judge O'Connor held that UMC's "geographical designations [were] vague and ambiguous. However, because the requested information is relevant, the court will allow plaintiff to reword these interrogatories and provide the defendants with more specific guidelines." Dist. Ct. Order at 2, Oct. 17, 1991. UMC then remedied the "vague geographical designations" and sent to AT&T substantially the same interrogatories requesting the same information, including names and addresses, for all active and open accounts within a specified thirty mile radius in Kansas City, Kansas and St. Louis, Missouri.[1]

AT&T responded first by providing raw numbers

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1 UMC requested the following for both cities:
For each month from March 1990 to the present, list the
(Footnote Continued on Following Page)

of its accounts in the two cities. After UMC filed another Motion to Compel Answers on January 13, 1992, AT&T provided additional numbers for open accounts and cards issued in each city for each month. At no time, however, did AT&T provide the name, address, phone number and original date of card issue for each account. Without this information, UMC could not conduct a survey of AT&T cardholders in the specified areas to determine the likelihood of, or actual confusion caused by, use of the name "Universal." [2]

The majority dismissed this issue, in part, because

(Footnote Continued from Previous Page)

> name, address, phone number and original date of card issue for each person who is a cardholder of a card of AT&T or Universal Bank bearing the name UNIVERSAL or AT&T UNIVERSAL and whose address is within a 30 mile radius of [812 North 7th Street, Kansas City, Kansas or 1114 Market Street, St. Louis, Missouri], indicating where appropriate whether the card was cancelled or otherwise discontinued during the month;
>
> and
>
> For each month from March 1990 to the present, list the name, address, phone number and original date of card issue for each active and open account for a card of AT&T or Universal Bank bearing the name UNIVERSAL or AT&T UNIVERSAL which account address is within a 30 mile radius of [812 North 7th Street, Kansas City, Kansas or 1114 Market Street, St. Louis, Missouri], indicating where appropriate whether the account was closed during the month.

Appellant's Supplemental Appendix at 315-17, Interrogatories 24 & 25.

2 AT&T, quite disingenuously, asserts that UMC should have made it and the court aware of UMC's need for additional discovery.

it did not think that a survey of AT&T cardholders would "likely produce significant evidence of actual confusion because none of these cardholders has attempted to use their cards in UMC ATMs." However, this assumes that those who have never used their card at an ATM would not be confused about common sponsorship of the cards and UMC's ATMs; there is no evidence to support such conjecture, especially at the summary judgment stage. The majority's position also assumes that those who have used their cards in an ATM, but have not used them in UMC's ATMs, are necessarily not confused. An equally plausible explanation is that some cardholders regularly use one or two ATMs that are close to work or home and have not yet been faced with using their AT&T card at an unfamiliar ATM. Of course, this is all conjecture because AT&T's refusal to comply with UMC's discovery request has precluded UMC from obtaining an answer.

The majority also dismisses UMC's discovery request because UMC failed to survey the 400 cardholders who did use their cards in UMC's ATMs--cardholders who presumably were most likely to be confused. However, the majority fails to give credence to UMC's reasonable complaint that AT&T had already surveyed these cardholders, and therefore perhaps biased the sample, before AT&T released the names and addresses of the cardholders to UMC. AT&T now argues that UMC should be forced to survey only the same cardholders, despite the court's earlier discovery order. [3]

Moreover, there is evidence that one of UMC's employees did contact sixty-four of those same 400

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3 The majority is also quick to accept Dr. DuPont's interpretation of the 2.6% rate of confusion as de minimis; however, we were not apprised of the margin of error for this survey. Therefore, Dr. DuPont's assertion that the rate of confusion is de minimis is, at best, conclusory.

hundred cardholders and determined that fourteen of them, 22%, were actually confused about the sponsorship of the products. Dr. DuPont claimed to have surveyed 303 of the 400 AT&T cardholders and determined that only 8 of them, 2.6%, were confused. Although UMC's telephone survey may not have conformed to the level of scientific methodology ascribed to Dr. DuPont's survey, it at least raises a question as to the validity of Dr. DuPont's results. Additionally, the UMC results should make us even more reluctant to conclude that UMC's proposed survey of other cardholders would not evidence confusion.

As the majority correctly notes, UMC should have filed a Rule 56(f) affidavit explaining why it could not present facts to oppose AT&T's summary judgment motion. The affidavit should have also set forth "how additional time [would] enable [it] to rebut [AT&T]'s allegations of no genuine issue of fact." Dreiling v. Peugeot Motors of Am., Inc., 850 F.2d 1373, 1377 (10th Cir. 1988) (quoting Patty Precision v. Brown & Sharpe Mfg. Co., 742 F.2d 1260, 1264 (10th Cir. 1984)). However, the instant case is distinguishable from Dreiling and Pasternak v. Lear Petroleum Exploration, Inc., 790 F.2d 828 (10th Cir. 1986), because in both those cases the court found that the parties opposing summary judgment did not show how additional time would enable them to rebut the movants' allegations that no genuine issue of fact remained. Additionally, the Pasternak court found that the nonmovant did not "file an affidavit nor did it otherwise specifically notify the district court of the necessity of conducting additional discovery to permit it to oppose summary judgment." Pasternak, 790 F.2d at 833. Likewise, in Dreiling, the court noted that the nonmovant requested an immediate trial date and made only general statements about its inability to depose

Chrysler's and Peugeot's highest officers.

In the instant case, however, the district court and AT&T knew full well about UMC's pending motion to compel discovery so that it could obtain the information necessary to conduct its own survey to refute AT&T's evidence that there was little or no confusion. In fact, on October 17, 1991, the court ordered AT&T to provide UMC the requested information once UMC submitted a geographically specific interrogatory. It was the second motion to compel answers to substantially the same questions, filed on January 13, 1992, that the court held moot as a result of granting AT&T's summary judgment request. Appellant Supplemental Appendix at 321. The discovery issue became moot only because the court never enforced its original order despite its ruling that the information UMC sought was "relevant." Dist. Ct. Order at 2, Oct. 17, 1991. Somehow it seems circular to me to assert that a discovery request is moot because summary judgment has been entered and then also to justify the summary judgment as appropriate because the nonmoving party did not advise the court of the need for more discovery.

Thus, I would hold that despite UMC's failure to file a 56(f) affidavit, the court was adequately informed that UMC needed the requested discovery to conduct a survey to refute AT&T's survey and that summary judgment was therefore improper until after AT&T complied with the discovery requests and UMC had enough time to make use of the information. To do otherwise simply rewards AT&T for its evasive and unresponsive answers to interrogatories that the district court previously decided were "relevant." Dist. Ct. Order, Oct. 17, 1991.

Accordingly, I would reverse.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

UNIVERSAL MONEY CENTERS, INC., Plaintiff,	)
v.	)CIVIL ACTION
AMERICAN TELEPHONE & TELEGRAPH CO., Defendant.	) NO. 90-2201-O

MEMORANDUM AND ORDER

This matter is before the court on defendant American Telephone & Telegraph Co.'s ("AT&T's") motion for summary judgment (Doc. #190). For the reasons set forth below, the motion is granted.

I. Background.

Plaintiff Universal Money Centers, Inc. ("UMC"), is a Missouri corporation with its principal offices in Shawnee Mission, Kansas. UMC provides electronic banking services and contracts with various financial institutions to issue plastic "debit" cards, similar in appearance to credit cards, which are used for accessing automatic teller machines ("ATM's") and for making retail purchases at selected locations.[1] UMC filed this action

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1 UMC owns four trademarks registered on The Principal Register of the United States Patent & Trademark Office: (1) Reg. No. 1,234,866 issued April 12, 1983, for the mark UNIVERSAL MONEY CARD with the words "Money Card" disclaimed; (2) Reg. No. 1,372,964 issued November 26, 1985, for the mark UNIVERSAL MONEY CENTER with the words "Money Center" disclaimed;

(Footnote Continued on Next Page)

against defendant AT&T claiming trademark infringement [2] and unfair competition as a result of AT&T's use of the term "Universal" to describe its combination telephone and retail credit card. [3]

At the time it filed its complaint, plaintiff UMC also filed a motion for preliminary injunction in which it sought to enjoin defendant AT&T from using the term "Universal." After conducting a hearing on August 6-7, 1990, the court, in a written memorandum and order, denied plaintiff's motion for preliminary injunction. See Universal Money Centers, Inc. v. American Telephone & Telegraph Co., No. 90-2201 (D. Kan., August 30, 1990).

Because the material facts have not changed substantially since the time of the court's August 30, 1990 memorandum and order, the court finds it unnecessary to recite in detail the factual background of this case. Rather, the court will rely heavily on the lengthy recitation of facts contained in the previous memorandum and order, and, when necessary, will refer to additional facts developed during discovery.

II. Standards for summary judgement.

A moving party is entitled to summary judgment

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(3) Reg. No. 1,372,965 issued November 26, 1985, for the mark UNIVERSAL MONEY & Design with the word "Money" disclaimed; and (4) Reg. No. 1,372,966 issued November 26, 1985, for the mark UNIVERSAL MONEY with the word "Money" disclaimed.

2 Plaintiff bases its trademark claims on sections 32(1) (trademark infringement) and 43(a) (false designation of origin) of the Federal Trademark Act, 15 U.S.C. §§ 1114(1), 1125(a), (Lanham Act).

3 AT&T's card is referred to as the "AT&T Universal Card."

only when the evidence indicates that no genuine issue of material fact exists. Fed. R. Civ. P. 56(c); Maughan v. SW Servicing, Inc., 758 F.2d 1381, 1387 (10th Cir. 1985). The requirement of a "genuine" issue of fact means that the evidence is such that a reasonable jury could return a verdict for the nonmoving party. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). The moving party has the burden of showing the absence of a genuine issue of material fact. This burden "may be discharged by 'showing'--that is, pointing out to the district court-- that there is an absence of evidence to support the nonmoving party's case." Celotex Corp. v. Catrett, 477 U.S. 317, 325 (1986). "[A] party opposing a properly supported motion for summary judgment may not rest on mere allegations or denials of his pleading, but must set forth specific facts showing that there is a genuine issue for trial." Anderson, 474 U.S. at 256. Thus, the mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment. Id. The court must consider factual inferences tending to show triable issues in the light most favorable to the party opposing the motion. Bee v. Greaves, 744 F.2d 1387, 1396 (10th Cir. 1984), cert. denied, 469 U.S. 1214 (1985).

III. Discussion.

Defendant AT&T moves for summary judgment an four issues: (1) corrective advertising; (2) punitive damages; (3) attorney fees; and (4) likelihood of confusion. Because the fourth issue, likelihood of confusion, is dispositive of this action, the court will review only that issue.

In the previous order, the court concluded that plaintiff's marks were valid and protectable under

the Lanham Act. In so doing, the court noted that: (1) the defendant did not contest the validity of plaintiff's marks; and (2) the defendant did not dispute the fact that the mark "UNIVERSAL MONEY CARD" has become incontestable under 15 U.S.C. § 1065 and 115(b). Having reviewed the evidence presented by both parties, the court finds no reason to depart from those conclusions.[4]

Notwithstanding the fact that plaintiff's marks are valid and protectable, plaintiff must "still show likelihood of confusion as an element of [its] infringement claim[s]." Coherent, Inc. v. Coherent Technologies, Inc., 935 F.2d 1122, 1124 (10th Cir. 1991); see GTE Corp. v. Williams, 904 F.2d 536, 539 (10th Cir. 1990), cert. denied, 111 S.Ct. 557 (1990). Specifically, to prevail on its infringement claims, UMC must prove that AT&T's use of the term "Universal" creates a likelihood of confusion among consumers as to the source of the "AT&T Universal Card." Alternatively, UMC could prove "reverse confusion," that is, that AT&T's use of the term "Universal" creates a likelihood of confusion among consumers as to the source of UMC's products.[5] See Big O Tire Dealers v. Goodyear Tire & Rubber Co., 561 F.2d 1365, 1371-72 (10th Cir. 1977), cert. dismissed, 434 U.S. 1052 (1978).

Although likelihood of confusion is a question of fact, Coherent, 935 F.2d at 1125, "summary judgment is appropriate where there is no genuine dispute about the facts material to the [likelihood of confusion] analysis,

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4 Because AT&T has not contested the validity of UMC's marks, the court finds it unnecessary to classify them as fanciful, suggestive, or otherwise. See Beer Nuts Inc. v. Clover Club Foods Co., 711 F.2d 934, 939 (10th Cir. 1983) (Beer Nuts I).

5 This appears to be UMC's strongest argument and the one on which it primarily relies.

and those facts could lead to only one reasonable conclusion." Lang v. Retirement Living Publishing Co., Inc., 759 F. Supp. 134, 137 (S.D.N.Y. 1991) (Lang I), aff'd, 949 F.2d 576, 582 (2d Cir. 1991); see also Boston Athletic Ass'n. v. Sullivan, 867 F. 2d 22, 24 (1st Cir. 1989); Warner Bros. v. American Broadcasting Cos., 720 F.2d 231, 246 (2d Cir. 1983).

The resolution of the likelihood of confusion issue requires the consideration of the following factors:

(a) the degree of similarity between the designation and the trade-mark or trade name in
  (i) appearance;
  (ii) pronunciation of the words used;
  (iii) verbal translation of pictures or designs involved;
  (iv) suggestion;

(b) the intent of the actor in adopting the designation;

(c) the relation in use and manner of marketing between the goods or services marketed by the actor and those marketed by the other;

(d) the degree of care likely to be exercised by purchasers.

Beer Nuts, Inc. v. Clover Club Foods Co., 805 F.2d 920,925 (10th Cir. 1986) (Beer Nuts II). These factors are not exhaustive; the facts of a particular case may require

consideration of other additional variables. Id.

A. Similarity of the marks.

The similarity of the marks is tested on three levels as encountered in the marketplace: sight, sound and meaning. Beer Nuts I, 711 F.2d at 940. In considering the characteristics of the marks, similarities weigh more heavily than differences. Id. Further, in evaluating similarity, the court must not engage in a side-by-side comparison. Id. at 941. Rather, "the court must determine whether the alleged infringing mark will be confusing to the public when singly presented." Id.

In the memorandum and order denying plaintiff's motion for preliminary injunction, the court made the following findings:

> The court finds that the degree of similarity between UMC's registered trademarks and the mark "AT&T Universal Card" is minimal. First, although both the AT&T and the UMC marks use the word "universal," the court believes that the dominant portion of each mark is different. Specifically, the court finds that the dominant portion in each of the UMC marks is the word "UNIVERSAL." In contrast, the court finds that the dominant portion of AT&T's mark is the term "AT&T." Second, the marks have different sounds and cadences. Third, the court notes that there are significant differences in the overall design of the two cards, including the lettering styles, logos, and color schemes. Moreover, a significant number of the

> cards issued by UMC display the name of an affiliate bank on the front of the card, thus further differentiating such cards from the "AT&T Universal card." Finally, although there was no evidence presented on this matter, the court does not believe that the two marks convey the same idea or stimulate the same mental reaction. Standard Oil Co. v. Standard Oil Co., 252 F.2d 65, 74 (10th Cir. 1958).

Universal Money, No. 90-2201 (D. Kan., August 30, 1990).

Viewing the evidence in the light most favorable to the plaintiff, the court finds no reason to depart from its previous findings concerning the similarity of the marks. In short, the court finds that reasonable jurors could only conclude that the degree of similarity between the two marks is minimal and that there is little chance that consumers will confuse the marks.

B. Intent of AT&T in adopting the term "Universal."

In Beer Nuts I, the Tenth Circuit discussed at length the "intent" factor:

> "Intent on the part of the alleged infringer to pass off its goods as the product of another raises an inference of likelihood of confusion ...." (citations omitted). "[P]roof that a defendant chose a mark with the intent of copying plaintiff's mark, standing alone, may justify an inference of confusing similarity." (citation omitted). One who adopts a mark similar to another already established in the marketplace

> does so at his peril, (citation omitted), because the court presumes that he "can accomplish his purpose: that is, that the public will be deceived." (Citations omitted.) All doubts must be resolved against him. (Citation omitted.)

711 F.2d at 941.

Here, the record is void of any evidence indicating that AT&T chose the term "Universal" with the intent of copying UMC's marks or confusing the public as to the sponsorship or affiliation of its card. Rather, the evidence indicates that AT&T chose the term solely because of its meaning and the positive response it received in research AT&T conducted with its own customers. Accordingly, the court finds no genuine issues of fact with respect to the "intent" factor.

C. Similarity of the products.

Another relevant factor to be considered in determining whether there is a likelihood of confusion is the similarity between the two products. Exxon Corp. v. Texas Motor Exchange of Houston, 628 F.2d 500, 505 (5th Cir. 1980) "The greater the similarity between the products and services, the greater the likelihood of confusion." Id.

In denying plaintiff's motion for preliminary injunction, the court made the following findings concerning the similarity of the parties' products:

> Although the services embodied in the UMC and AT&T cards are similar in certain respects, the court finds that the primary purpose of each card is different. Although the UMC card does allow cardholders to make retail debit purchases

> at limited locations through the BankMate network, the court believes that the primary purpose of the UMC card is to allow cardholders to access cash from ATM'S. In contrast, the court finds that the primary purpose of the AT&T card is to allow cardholders to charge, on credit, long-distance telephone calls and goods and services. Only as an additional cardholder benefit, does the AT&T card provide ATM access through the "Plus" or VISA" networks. Accordingly, the court concludes that the cards are not directly competitive.

Universal Money, No. 90-2201 (D. Kan., August 30, 1990).

As with the factors already discussed, UMC has failed to come forward with any evidence which would persuade the court that its earlier conclusions were erroneous. Although UMC contends that it will soon be offering some form of "Mastercard," such evidence is irrelevant to the inquiry at hand. Specifically, "the intent of the prior user to expand or its activities in preparation to do so, unless known by prospective purchasers, does not affect the likelihood of confusion." Lang v. Retirement Living Publishing Co., Inc., 949 F.2d 576, 582 (2d Cir. 1991) (quoting Restatement (Third) of Unfair Competition § 21 reporter's note at 210 (Tent. Draft No. 2, 1990)) (Lang II). UMC also contends that American Express, a competitor to AT&T, "offers a plastic card which does access bank accounts." However, evidence concerning the products of AT&T's competitors is clearly irrelevant to the question of whether the two products at issue are similar. Finally,

UMC contends that the two cards "accomplish the same results" because they both allow consumers to "obtain cash from ATM machines" and "purchase goods and services at the point of sale." The flaw in this argument, the court believes, is that it ignores the critical distinction between the cards: the AT&T card allows consumers to purchase items on credit while the UMC card allows consumers to make deductions directly from their own bank accounts. UMC has offered no evidence which would indicate that consumers are unaware of or indifferent to this distinction.

After reviewing the evidence presented by the parties, the court finds that no genuine issues of fact exist as to the degree of the products' similarity. Specifically, the court finds that reasonable jurors could conclude only that the products are substantially different.

D. Relation in manner of marketing of the products.

In the previous memorandum and order, the court discussed the means by which the two cards are marketed. In pertinent part, the court reached the following conclusions:

> The court finds that the UMC card and the AT&T card reach the public through significantly different channels. The evidence submitted by the plaintiff indicates that the UMC card is only distributed to persons who have accounts at financial institutions who are affiliated with UMC. Accordingly, to obtain a UMC card, a person must have an account at an affiliate financial institution. The AT&T card, on the other hand, is a "stand-alone"

> credit card that is distributed to the general public. The court thus concludes that the marketing differences help preclude customer confusion.

Universal Money No. 90-2201 (D. Kan., August 30, 1990).

Again, in responding to the instant motion, UMC has failed to present any evidence which would persuade the court that there is similarity between the methods used to market the two cards. AT&T markets its card, through a variety of media sources, directly to the public. In contrast, UMC markets its services primarily to financial institutions who, in turn, market debit cards to their own account-holders.[6] In short, UMC's true customers are the financial institutions who utilize UMC's services, rather than the individual cardholders. For these reasons, the court finds no genuine issue of material fact as to the similarity in marketing of the two cards.

E. Degree of care exercised by consumers.

As the court noted in its previous order, "the degree of care likely to be exercised by purchasers" must be considered in determining the likelihood of confusion. Beer Nuts II, 805 F.2d at 925. Inexpensive items which are purchased on impulse or with little care are more likely to be confused than expensive items which are chosen carefully. Beer Nuts I, 711 F.2d at 941.

In denying plaintiff's motion for preliminary injunction, the court made the following findings:

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6 Even if a member of the public wanted to obtain a UMC card after seeing a UMC advertisement, he or she would be unable to do so unless his or her bank had contracted with UMC. In contrast, members of the public can obtain an AT&T card directly from AT&T.

> The court finds that the products involved in this case are items which are chosen with at least moderate care by the ordinary purchaser. See Omaha National Bank v. Citibank (South Dakota), N.A., 633 F. Supp. 231, 235-36 (D. Neb. 1986) (holding that consumers choosing between providers of ATM access cards exercise a relatively high degree of care). Although neither party produced significant evidence on this point, the court believes that, unlike a product which can be purchased on impulse, the UMC card and the AT&T card can only be obtained through a certain amount of effort on the part of consumers. Moreover, the court believes that the average consumer will, at a minimum, read the promotional materials provided by UMC and AT&T before deciding to request one of the cards. Accordingly, the court believes that the average consumer will be aware of the services embodied in whichever card he or she chooses and will be aware of the source of the card.

Universal Money, No. 90-2201 (D. Kan., August 30, 1990).

In its motion for summary judgment, AT&T has offered cardholder affidavits which indicate that consumers do, in fact, exercise a high degree of care in choosing a credit card or ATM card. In response, UMC has offered no evidence and simply asserts that AT&T is "asking the Court to usurp the function of the jury with respect to assessing the degree of care which consumers

may use in selecting credit cards."[7] Clearly, UMC's response fails to "set forth specific facts showing that there is a genuine issue for trial." Anderson, 474 U.S. at 256. Accordingly, the court finds no triable issues of fact concerning the degree of care exercised by consumers.

F. Actual confusion.

In support of its motion for summary judgment, AT&T has offered affidavits, depositions, and survey results which indicate that there is little, if any, actual consumer confusion concerning the source of the two cards at issue.[8] In response, UMC has offered little but allegations and denials. Although UMC alleges that it has identified "at least 400 AT&T cardholders who used the UMC network from April through December, 1990 as a result of some type of confusion," it has offered no consumer affidavits or depositions to support its allegation. Instead, UMC has submitted affidavits from UMC employees who claim to be aware of certain AT&T cardholders who were actually confused. The court finds such evidence less than persuasive in light of the ample time UMC has had to obtain consumer affidavits or survey results.[9]

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7 As noted by AT&T, UMC repeatedly makes this assertion in its response to the motion for summary judgment.

8 In particular, AT&T has offered consumer survey results which indicate that it is extremely unlikely that consumers will make any connection between the two cards at issue.

9 The lack of consumer affidavits is particularly striking in light of the fact that UMC has clearly attempted to contact AT&T cardholders and obtain "statements." In support of its reply brief, AT&T has submitted a copy of a letter and form which UMC sent to AT&T cardholders who had attempted to use their cards in UMC

(Footnote Continued on Following Page)

Further, although UMC alleges that it has had difficulty obtaining the names of AT&T cardholders, it has clearly had access to its own financial institution customers and their corresponding cardholders. Nonetheless, the record is absent of any information from these sources. Surely, after nearly two years of discovery, UMC would have produced evidence of actual confusion from its own customers if any had existed. See NEC Electronics v. New England Circuit Sales, 722 F. Supp. 861, 866 (D. Mass. 1989).

In conclusion, the court finds that UMC has failed to come forward with evidence indicating a triable issue of fact on the issue of actual consumer confusion. Although UMC is certainly not obligated to demonstrate actual confusion, the lack of substantial evidence on this

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(Footnote from Previous Page)
ATM's. The forms, which UMC asked the cardholders to sign, stated as follows:

> To Whom It May Concern:
>
> I have used my AT&T Universal Card ina Universal Money ATM machine and my requested transaction was rejected.
>
> At the time I attempted the said transaction, I believed that my AT&T Universal Card would work in the Universal Money ATM because the name "UNIVERSAL" appeared both on my card and the involved ATM machine.
>
> Signed:_____
>
> Date:_____

As noted by AT&T, UMC has not offered a single signed copy of this form.

issue is one of many factors that suggest that plaintiff's claims are without merit. Id.

G. Strength of the mark.

Although not specifically mentioned in Beer Nuts II, the court also finds it appropriate to briefly review the relative strength of UMC' s marks .[10] "A strong trademark is one that is rarely used by parties other than the owner of the trademark, while a weak trademark is one that is often used by other parties." Exxon, 628 F.2d at 504. Here, UMC has clearly used its marks for a substantial period of time. Nonetheless, the evidence produced by AT&T and uncontroverted by UMC indicates that the term "Universal" is widely used by parties other than UMC. In particular, the term is in use by approximately six financial institutions throughout the country who have used the term on their own ATM cards. The term is also in use by two credit card companies ("Universal Gold Card" and "Universal Premiere Card") who have issued approximately 240,000 credit cards displaying the term. Further, Dun & Bradstreet shows over 200 active businesses employing the term. In short, the term is used by a significant number of entities and is thus a relatively weak mark. Id.

H. Summary.

Nearly two years have passed since the court entertained plaintiff's motion for a preliminary injunction. Notwithstanding a lengthy course of discovery, plaintiff has produced little, if any, substantial evidence on the issue of likelihood of confusion. Instead, plaintiff relies on allegations and its often-repeated argument that the court, by reviewing the above-listed factors, will "usurp the function of the jury." The court finds UMC's

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10 Once again, the court makes no attempt to categorize UMC's marks as fanciful, suggestive, etc.

allegations without merit. Simply put, the court does not "usurp the function of the jury" by granting summary judgment where, as here, the nonmoving party fails to set forth specific facts showing that there is a genuine issue for trial. Viewing the evidence in the light most favorable to UMC, the court finds that no reasonable juror could conclude that UMC has established its federal or state claims. [11] Defendant AT&T is therefore entitled to summary judgment on each of plaintiff's claims.

IV. Other pending motions.

Also pending at this time are defendant's motion to strike jury demand and plaintiff's motion to compel. Because defendant is entitled to summary judgment on each of plaintiff's claims, the court will deny these remaining motions as moot.

IT IS THEREFORE ORDERED that defendant American Telephone & Telegraph Co.'s motion for summary judgment (Doc. #190) is granted.

IT IS FURTHER ORDERED that defendant American Telephone & Telegraph Co.'s motion to strike jury demand (Doc. #189) is denied as moot.

IT IS FURTHER ORDERED that plaintiff Universal Money Centers, Inc.'s motion to compel (Doc. #207) is denied as moot.

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11 In light of the court's findings with respect to plaintiff's infringement and false designation claims, the court finds that plaintiff has failed to demonstrate genuine issues of material fact with respect to its state law unfair competition claim. See Polo Fashions, Inc. v. Diebolt, Inc., 634 F. Supp. 786, 790 (D. Kan. 1986).

Dated this 16th day of June, 1992, at Kansas City, Kansas.

/s/ Earl E. O'Connor
EARL E. O'CONNOR
United States District Judge

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

UNIVERSAL MONEY CENTERS, INC., Plaintiff,	)	
v.	)	Civil Action No. 92-2201-O
AMERICAN TELEPHONE & TELEGRAPH, CO., and UNIVERSAL BANK, Defendants.	)	

PLAINTIFF'S MOTION TO COMPEL ANSWERS TO REWORD INTERROGATORIES NOS. 22-25 AND FOR APPLICATION OF SANCTIONS AGAINST DEFENDANTS FOR FAILURE TO COMPLY WITH COURT ORDER

Comes now Plaintiff UNIVERSAL MONEY CENTERS, INC., and pursuant to Fed. R. Civ. P. 37 (a) (2) and 37 (b) , moves for an Order: 1) Compelling Defendants AT&T and UNIVERSAL BANK to fully respond to Plaintiff's Reworded Interrogatory Nos. 22-25, since Defendants' previously filed responses to said interrogatories were evasive and incomplete; and 2) Imposing sanctions against Defendants on the ground that Defendants have refused and still willfully refuse to comply with the Order of this Court, dated October 17 1991, issued by Chief Judge Earl E. O'Connor, that Defendants answer Plaintiff's Motion to Compel Responses to Interrogatories and Suggestions in Support filed August 28, 1991.

Plaintiff's above-referenced Motion to Compel Responses to Interrogatories and Suggestions in Support is attached hereto as Exhibit A. Judge O'Connor's Order of October 17, 1991 is attached hereto as Exhibit B. Attached Exhibit C is a copy of Plaintiff's Reworded Interrogatory Nos. 22-25 while Exhibit D is a copy of Defendants' Responses to said reworded interrogatories of Plaintiff.

In explanation of the current circumstances surrounding the Plaintiff's Motion, specifically, in Interrogatory Nos. 22 and 23, Plaintiff asked for the total number of active and unexpired cards bearing the name UNIVERSAL for each month and the total number of active and open accounts for each month. Defendants responded by providing, without any explanation, raw numbers which appear to be the number of cardholders and accounts, respectively, issued or opened during the month indicated. Thus, the answers provided byDefendants are nonresponsive and evasive. Furthermore, the information given in response by the Defendants is totally meaningless since the Plaintiff cannot ascertain the number of cards or accounts which were cancelled or closed during the month indicated.

In Interrogatory Nos. 24 and 25, the Plaintiff asked for the name, address, phone number and original date of card issue corresponding to the specific accounts which are (or should have been) given in response to Interrogatory Nos. 22 and 23. The Defendants made no response to Interrogatory Nos. 24 and 25 even though Judge O'Connor, in his above-referenced Order, has specifically ordered them to do so. Due to the Defendants' continuing willful refusal to comply with Judge O'Connor's Order, the Plaintiff requests that this Court issue and Order adjudging Defendants in contempt of

this Court and further, to apply such sanctions against Defendants as may be appropriate.

WHEREFORE, Plaintiff UNIVERSAL MONEY CENTERS, INC., pursuant to Fed. R. Civ. P. Rule 37, moves that the Court enter an Order compelling Defendants AT&T and UNIVERSAL BANK to provide complete responses to Plaintiff's Reworded Interrogatory Nos. 22-25 and further, that the Court impose such sanctions against Defendants as seem just under the present circumstances and for the Plaintiff's reasonable expenses, including attorney's fees, incurred in connection with this Motion, said expenses to be assessed against the Defendants or the attorney(s) advising them or both.

Respectfully submitted,

/s/ Joseph B. Bowman
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Attorney for Plaintiff

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing PLAINTIFF'S MOTION TO COMPEL ANSWERS TO REWORDED INTERROGATORIES NOS. 22-25 AND FOR APPLICATION OF SANCTIONS AGAINST DEFENDANTS FOR FAILURE TO COMPLY WITH COURT ORDER was mailed, first class U.S. mail, postage prepaid, this 13th day of January, 1992, to the following attorneys for Defendants:

Kirk T. May
Patrick J. Stueve
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Attorney for Plaintiff

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

UNIVERSAL MONEY CENTERS, INC. Plaintiff,	)	
v.	)	
	)	Civil Action No. 90-2201-0
AMERICAN TELEPHONE & TELEGRAPH CO., and UNIVERSAL BANK, Defendants.	)	

PLAINTIFF'S MOTION TO COMPEL RESPONSES TO INTERROGATORIES AND SUGGESTIONS IN SUPPORT

Introduction

Pursuant to Fed. R. Civ. P. 37(a)(2), Plaintiff moves for an order compelling Defendants AT&T and Universal Bank to fullv respend to Plaintiff 's Interrogatories Nos. 21, 22, 23, 24, 25, and 27. A copy of the interrogatories and Defendant's response is attached hereto as Exhibit A. A certificate of compliance as required under D. Kansas Rule 210(j) is attached hereto as Exhibit B.

Plaintiff's interrogatories 21-25 request information about the active and unexpired cards of AT&T and Universal Bank that bear the name UNIVERSAL or AT&T UNIVERSAL. Interrogatories 22-25 specifically request information about those cards held by cardholders in the "Kansas City metropolitan area" and the "St. Louis

metropolitan area". Defendant responded with objections, for the reasons that (1) this information could be obtained from the AT&T cardholder database that Defendants have been ordered to produce, thus the burden of obtaining this information will be the same on both parties, and (2) the terms "Kansas City metropolitan area" and "St. Louis metropolitan area" are vague and undefined such that Defendants cannot know what information is being requested and therefore cannot answer.

Plaintiff disagrees and believes the interrogatories are not objectionable. Firstly, the information requested by Plaintiff is easily accessible to Defendant as it is information kept in Defendants' normal course of business. Defendant suggests that since the information requested "can be obtained" from the AT&T cardholder database which will be provided to Plaintiff, the burden of accessing that specific information from the database would be the same for both parties. Clearly, since Defendants utilize this database in its normal course of business, it would be much easier for Defendant to access the desired information in readable, complete and concise form than for Plaintiff. To suggest that it is just as easy for someone unfamiliar with the structure and organization of a database to access particularly defined information, as it is for those operating and utilizing the database on a daily basis is ludicrous.

Defendants further object to interrogatories 22-25 because they do not understand the terms "Kansas City metropolitan area" and "St. Louis metropolitan area". It is more than readily apparent from these interrogatories that Plaintiff requests information about card holders living in the Kansas City and St. Louis areas. Plaintiff does not know the exact boundaries which Defendants

have set to geographically classify their cardholders, but would like the information about cardholders which Defendant has listed within the geographical location of the metropolitan St. Louis and Kansas City areas. Plaintiff believes that these interrogatories are clear and that they are not vague. To resolve any doubts, Defendant could supply with its responses, the area which is encompassed by the information provided.

Interrogatory No. 27 requests information about the use of the phrase ONE WORLD ONE CARD in connection with Defendant's UNIVERSAL or AT&T UNIVERSAL card. The Defendants object to this interrogatory with a laundry list of reasons including privilege, work product, inadmissible evidence and information not likely to lead to the discovery of admissible evidence. The burden is on the objecting party, Defendants AT&T and Universal Bank, to show why discovery is improper. Smith v. MCI Telecommunications Corp., Civ. No. 87-2110-0, 1991 U.S. Dist. LEXIS 7791 (D. Kan. 1991) (copy appended hereto as Exhibit C, see page 4 of copy). Defendants' assertions in objecting is merely a laundry list of insufficient specificity to overcome Defendants' burden. "An objection to an interrogatory must be specific and must be supported by a detailed explanation of why the interrogatory is objectionable." Mannell v. Kawasaki Motors Corp., Case No. 89-4258-R, 1991 WL 34214 (D. Kan. 1991) (Exhibit D, see page 2 of copy). Absolutely no basis for asserting privilege or work product has been provided.

With regard to Defendant's contention that Plaintiff's request is for inadmissible information, this objection has no merit under the law. It is well settled that relevancy, not admissibility, is the test for discovery.

8 Wright & Miller, Federal Practice and Procedure, Section 2008, at 41 (1970).

> Relevancy is broadly construed at the discovery stage of the litigation and request for discovery should be considered relevant if there is any possibility the information sought may be relevant to the subject matter of the action. Smith v. MCI Telecommunications Corp., Civ. Action No. 87-2110-0, 1991 U.S. Dist LEXIS 7791 (D. Kansas 1991) (Exhibit C, see page 4 of copy).

Defendants have made no assertions as to the irrelevance of the information sought.

WHEREFORE, Plaintiff Universal Money Centers, Inc. requests that the Court order Defendants AT&T and Universal Bank to provide complete responses to Plaintiff's Interrogatories Nos. 21 - 25 and 27.

Respectfully submitted,

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and

Terri Savely Bezek, No. 12766
James R. Goheen, No. 06583
MCANANY, VAN CLEAVE
& PHILLIPS, P.A.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

UNIVERSAL MONEY CENTERS, INC., Plaintiff,	)	
v.	)	Civil Action No. 90-2201-0
AMERICAN TELEPHONE & TELEGRAPH CO., and UNIVERSAL BANK, Defendants.	)	

PLAINTIFF'S REWORDED INTERROGATORY
NOS. 22-25 TO AT&T AND UNIVERSAL BANK

Comes now Plaintiff UNIVERSAL MONEY CENTERS, INC. and, pursuant to the Court's Order dated October 17, 1991, propounds the following reworded interrogatories to Defendants AT&T and UNIVERSAL BANK, to be answered in writing and under oath in accordance with Rule 33 of the Federal Rules of Civil Procedure.

The following general statements pertain to all answers to be made to the following interrogatories:

(A) The term "person" or "persons" as used in these interrogatories includes, without limitation, any individual, association, partnership, corporation, firm or organization.

(B) Where an interrogatory requests the identification of a person or persons, state the full name, present address (or if unknown, the last known address),

the present employer (or if unknown, the last known employer) of such person or persons, and any titles enjoyed by the person.

(C) The term "Defendant" as used herein includes the named defendant, and any parent, division, subsidiary, department or other organization in which Defendant has controlling interest or which has controlling interest in Defendant.

The reworded interrogatories are as follows:

Interrogatory No. 22

For each month from March 1990 to the present, indicate

(a) the total number of active and unexpired cards of AT&T or Universal Bank bearing the name UNIVERSAL or AT&T UNIVERSAL which were held by cardholders within a 30 mile radius of 812 North 7th Street, Kansas City, Kansas.

(b) the total number of active and open accounts for cards of AT&T or Universal Bank bearing the name UNIVERSAL or AT&T UNIVERSAL held by cardholders the address for whom is within a 30 mile radius of 812 North 7th Street, Kansas City, Kansas.

Answer

Interrogatory No. 23.

For each month from March 1990 to the present, indicate

(a) the total number of active and unexpired cards of AT&T or Universal Bank bearing the name UNIVERSAL or AT&T UNIVERSAL which were held by cardholders within a 30 mile radius of 1114 Market Street,

St. Louis, Missouri.

(b) the total number of active and open accounts for cards of AT&T or Universal Bank bearing the name UNIVERSAL or AT&T UNIVERSAL held by cardholders the address for whom is within a 30 mile radius of 1114 Market Street, St. Louis, Missouri.

Answer

Interrogatory No. 24.

For each month from March 1990 to the present, list the name, address, phone number and original date of card issue for

(a) each person who is a cardholder of a card of AT&T or Universal Bank bearing the name UNIVERSAL or AT&T UNIVERSAL and whose address is within a 30 mile radius of 812 North 7th Street, Kansas City, Kansas, indicating where appropriate whether the card was cancelled or otherwise discontinued during the month;

(b) each person who is a cardholder of a card of AT&T or Universal Bank bearing the name UNIVERSAL or AT&T UNIVERSAL and whose address is within a 30 mile radius of 1114 Market Street, St. Louis, Missouri, indicating where appropriate whether the card was cancelled or otherwise discontinued during the month.

Answer

Interrogatory No. 25.

For each month from March 1990 to the present, list the name, address, phone number and original date

of card issue for

(a) each active and open account for a card of AT&T or Universal Bank bearing the name UNIVERSAL or AT&T UNIVERSAL which account address is within a 30 mile radius of 812 North 7th Street, Kansas City, Kansas, indicating where appropriate whether the account was closed during the month.

(b) each active and open account for a card of AT&T Universal Bank bearing the name UNIVERSAL or AT&T UNIVERSAL which account address is within a 30 mile radius of 1114 Market Street, St. Louis, Missouri, indicating where appropriate whether the account was closed during the month.

Answer

/s/ Joseph B. Bowman
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Attorneys for Plaintiff

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing PLAINTIFF'S REWORDED INTERROGATORY NOS. 22-25 TO AT&T AND UNIVERSAL BANK was mailed first class U.S. mail, postage prepaid, this 22nd day of October, 1991, to the following attorneys for Defendant:

Kirk T. May
Patrick J. Stueve
Stinson, Mag & Fizzell
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Kansas City, Missouri 64141-6251

/s/ Joseph B. Bowman

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Attorney for Plaintiff

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

UNIVERSAL MONEY CENTERS, INC., Plaintiff,	)	
	)	Civil Action No.
v.	)	
	)	90-2201-0
AMERICAN TELEPHONE & TELEGRAPH CO., and UNIVERSAL BANK, Defendants.	)	

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The undersigned hereby certifies that a copy of

PLAINTIFF'S REWORDED INTERROGATORY NOS. 22-25 TO AT&T AND UNIVERSAL BANK

was mailed first class U.S. mail, postage prepaid 22nd day of October, 1991, to the following attorneys for Defendants: Kirk T. May, Patrick J. Stueve, Stinson, Mag & Fizzell, 1201 Walnut Street, P.O. Box 419251, Kansas City, Missouri 64141-6251.

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ATTORNEYS FOR PLAINTIFF

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

UNIVERSAL MONEY CENTERS, INC., Plaintiff,	)	
	)	Civil Action No.
v.	)	
	)	90-2201-0
AMERICAN TELEPHONE & TELEGRAPH CO., and UNIVERSAL BANK, Defendants.	)	

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of

PLAINTIFF'S REWORDED INTERROGATORY NOS. 22-25 TO AT&T AND UNIVERSAL BANK

was mailed first class U.S. mail, postage prepaid 22nd day of October, 1991, to the following attorneys for Defendants: Kirk T. May, Patrick J. Stueve, Stinson, Mag & Fizzell, 1201 Walnut Street, P.O. Box 419251, Kansas City, Missouri 64141-6251.

/s/ Joseph B. Bowman
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ATTORNEYS FOR PLAINTIFF

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

UNIVERSAL MONEY CENTERS, INC., Plaintiff,	)	
	)	CIVIL ACTION
v.	)	
	)	NO. 90-2201-0
AMERICAN TELEPHONE & TELEGRAPH CO., Defendant.	)	

MEMORANDUM AND ORDER

This matter is before the court on several discovery- related motions filed by the plaintiff. Having reviewed the motions, the court is now prepared to rule.

1. Plaintiff's motion for protective order (Doc. #160). The court finds this motion, which requests the court to stay two scheduled depositions, moot because the deadline for the taking of depositions has passed without a response from defendants.

2. Plaintiff's motion to compel production of documents (Doc. #165). Plaintiff requests the court to direct defendants to produce documents requested in plaintiff's discovery request no. 39. The request, which seeks documents relating to rights in the phrase "ONE WORLD ONE CARD," has been objected to by defendants on several grounds. Upon review, the court finds that plaintiff has failed to set forth a specific need for the requested information or even suggest how the requested information would lead to the discovery of

admissible evidence. Accordingly, the court will deny plaintiff's motion.

3. Plaintiff's motion to compel responses to interrogatories (Doc. #166). In this motion, plaintiff asks the court to compel the defendants to respond to six specific interrogatories. In a response filed on September 16, 1991, defendant agreed to produce the numerical data requested by plaintiff in interrogatory no. 21. The motion to compel is therefore moot with respect to this interrogatory. With respect to interrogatories no. 22-25, the court finds that plaintiff's geographical designations are vague and ambiguous. However, because the requested information is relevant, the court will allow plaintiff to reword these interrogatories and provide the defendants with more specific guidelines. Plaintiff shall have ten (10) days from the date of this order in which to submit the reworded interrogatories to the defendants. Finally, the court will deny plaintiff's motion with respect to interrogatory no. 27, which seeks information concerning the phrase "ONE WORLD ONE CARD."

IT IS THEREFORE ORDERED that plaintiff's motion for protective order (Doc. #160) is denied as moot.

IT IS FURTHER ORDERED that plaintiff's motion to compel production of documents (Doc. #165) is denied.

IT IS FURTHER ORDERED that plaintiff's motion to compel responses to interrogatories (Doc. #166) is granted in part and denied in part.

Dated this 17th day of October, 1991, at Kansas City, Kansas.

/s/ Earl E. O'Connor
EARL E. O'CONNOR, Chief Judge

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

UNIVERSAL MONEY CENTERS, INC., Plaintiff,	)	
v.	)	CIVIL ACTION NO. 90-2201-0
AMERICAN TELEPHONE & TELEGRAPH CO., Defendant.	)	

MEMORANDUM AND ORDER

This matter is before the court oh plaintiff's motion for a preliminary injunction. Plaintiff Universal Money Centers, Inc., filed this action against defendant American Telephone & Telegraph Co. claiming trademark infringement and unfair competition. Plaintiff seeks to enjoin defendant from using the term "Universal" to describe its combination telephone and retail credit card. A hearing was held on the matter on August 6 and 7, 1990, and the parties have submitted proposed findings of fact and conclusions of law. Having reviewed the record, the court is now prepared to rule.

Preliminary Matters - Admissibility of Certain Evidence

During the hearing, defendant attempted to introduce several items of evidence which were objected to by the plaintiff. The court has now reviewed the parties' arguments with respect to each item and makes the following rulings with respect to admissibility:

1. Exhibit 443. Included in this exhibit are four articles pertaining to ex-employees of the plaintiff. The court finds that these items have little relevancy to the issues involved in this matter and are thus inadmissible. Fed R. Evid. 402.

2. Exhibits 481, 486, and 495. Plaintiff objects, on the basis of relevance, to these three items of evidence which contain references to third-party uses of the term "Universal." Although the cases cited by plaintiff are applicable with respect to the scope and effect to be given such evidence, the court finds that third-party usage evidence is frequently offered and admitted in trademark infringement cases. Accordingly, the items are deemed relevant and will be admitted.

3. Exhibits 496 and 500. Included in these exhibits are four third-party plastic credit cards and three photocopies of third-party plastic credit cards. Defendant asserts, and the court agrees, that these items are self-authenticating pursuant to Fed. R. Evid. 902(7). Although the court has found little case law discussing Rule 902(7), the court believes that the rule is properly applied here because each card displays a label or inscription indicating its origin. However, the court notes that defendant has offered no evidence indicating the number of holders of each card or the geographic region covered

by each card. Further, there is no evidence indicating whether or not these cards are currently in use. Accordingly, the court finds that this evidence has little probative value.

Defendant has also filed a motion to strike the testimony of plaintiff's rebuttal witness Harvey Perlman. In support of its motion, defendant argues that: (1) plaintiff did not identify Perlman during discovery; (2) Perlman did not offer rebuttal testimony; and (3) Perlman's testimony does not qualify as expert testimony under Fed. R. Evid. 702-704. Although the court finds some merit to defendant's arguments, the court will allow Perlman's testimony to stand and will consider those portions of his testimony that were offered in true rebuttal of defense evidence. However, the court will not consider any opinions offered by Perlman concerning the ultimate issues in this case.

Findings of Fact

1. Plaintiff Universal Money Centers, Inc., (hereinafter UMC or plaintiff) is a Missouri corporation having its principal offices in Shawnee Mission, Kansas.

2. UMC owns four trademarks registered on The Principal Register of the United States Patent & Trademark Office: (1) Reg. No. 1,234,866 issued April 12, 1983, for the mark UNIVERSAL MONEY CARD with the words "Money Card" disclaimed; (2) Reg. No. 1,372,964 issued November 26, 1985, for the mark UNIVERSAL MONEY CENTER with the words "Money Center" disclaimed; (3) Reg. No. 1,372,965 issued November 26, 1985, for the mark UNIVERSAL MONEY & Design with the word "Money" disclaimed; and (4) Reg. No. 1,372,966 issued November 26, 1985, for the

mark UNIVERSAL MONEY with the word "Money" disclaimed.

3. The mark "UNIVERSAL MONEY CARD", Reg. No. 1,234,866, has become incontestable pursuant to 15 U.S.C. S 1065.

4. UMC has been engaged in the business of providing financial services since 1981. Specifically, UMC provides electronic banking services and contracts with various financial institutions to issue plastic "debit" cards, similar in appearance to credit cards, which are used for accessing automatic teller machines ("ATM's") and for making retail purchases at selected locations.

5. Customers holding cards issued by UMC may use the cards in ATM's owned and operated by UMC or in ATM's owned by others with whom UMC has an association or affiliation through an electronic funds transfer network. Alternatively, customers holding cards issued by UMC's affiliate organizations may use their cards in any of UMC's automatic teller machines.

6. UMC has issued approximately 160,000 of its electronic banking cards, which are currently in use in all states (except Alaska) and the District of Columbia. Cards issued by other organizations and financial institutions with whom UMC is affiliated are estimated to exceed 210 million.

7. Of the cards actually issued by UMC, over half display the "UNIVERSAL MONEY" mark on the front. The remainder of the UMC cards display the name of an affiliate bank on the front, and display the "UNIVERSAL MONEY" mark on the back of the card.

8. UMC has spent approximately $500,000 in advertising and promoting its electronic banking services in the United States. UMC's trademarks have also been advertised nationally and internationally through

cooperative efforts with affiliate organizations such as American Express, Discover, Cirrus and BankMate.

9. UMC customarily uses its trademarks on its electronic banking cards, on printed material accompanying the cards when mailed, on ATM receipts, on signs displayed at banks and business establishments accepting UMC's cards, and on the ATM machines themselves.

10. UMC handles approximately 15,000 ATM transactions per day. Since 1981, UMC cardholders have engaged in over 13 million financial transactions totalling 300 million dollars.

11. Defendant American Telephone & Telegraph Co. (hereinafter AT&T or defendant) is a New York corporation having its principal place of business in the city of New York.

12. On March 26, 1990, AT&T introduced a new combination telephone and retail credit card (hereinafter credit card). The credit card is marketed under the name "AT&T Universal Card" and is affiliated with VISA and MasterCard.

13. During the development process for its card, AT&T considered a number of possible card names and utilized a variety of methods to develop possible names, including brainstorming sessions and conducting an employee "Name Game".

14. After conducting consumer reaction studies on several of the names and after conducting trademark searches, AT&T selected the name "Universal" to be used on the card in connection with the "AT&T" symbol. Paul Kahn, the president of AT&T Universal Card Services, stated that the term "Universal" was selected because of its "generic" qualities. Kahn further stated that it was his intent for the "AT&T" symbol to be the primary symbol

on the card.

15. Since March 26, 1990, AT&T has extensively advertised, marketed and sold its credit card. The credit card was introduced on television during the Academy Awards ceremonies and has been advertised in print media, including national newspapers and magazines, by means of direct mail, and through telemarketing campaigns.

16. To date, AT&T has spent over 31 million dollars in advertising and promoting the "AT&T Universal Card".

17. To date, AT&T has approximately 4 million cardholders.

18. Although AT&T's credit cards can be used to access cash at ATM's displaying the "Plus" or "VISA" logos, they cannot be used in any of the ATM's operated by UMC because AT&T and UMC are not affiliated.

19. UMC employees testified that there have been approximately 100 instances in which "AT&T Universal Card" holders have attempted to use their cards in ATM's operated by UMC. Of these 100 instances, UMC employees testified that approximately ten instances involved actual customer confusion. However, the only evidence offered by plaintiff to support its employee testimony is the deposition testimony of one consumer, Richard Fjellman, who was identified as attempting to use an "AT&T Universal Card" in a UMC ATM.

20. UMC employee Dave Windhorst testified that, according to his calculations, holders of "AT&T Universal Cards" are attempting to use their cards in UMC ATM's at a rate approximately 4.5 times greater than expected based upon the number of AT&T Universal Cards outstanding as compared to other third-party cards.

Discussion and Conclusions of Law

1. This is a civil action arising under the Trademark Act of 1946, 15 U.S. C. § 1051 et seq., as amended (Lanham Act) Jurisdiction is conferred on this court by 28 U.S.C. § 1338(a), by 15 U.S.C. § 1121, and under the doctrine of pendent jurisdiction.

2. Venue exists over this action pursuant to 28 U.S.C. § 1391 because the cause of action arose within the State of Kansas.

Preliminary Injunction Standards

3. A preliminary injunction is an extraordinary remedy, which is granted as the exception rather than the rule. GTE v. Williams, 713 F.2d 676, 678 (10th Cir. 1984).

4. The main purpose of a preliminary injunction is to preserve the status quo pending a final resolution of the matter before the court. Lundgrin v. Claytor, 619 F.2d 61, 63 (10th Cir. 1980).

5. In order to obtain a preliminary injunction, the moving party must establish the following four prerequisites: (1) a substantial likelihood that the moving party will eventually prevail on the merits; (2) the moving party will suffer irreparable injury unless the injunction issues; (3) the threatened injury to the moving party outweighs whatever damage the proposed injunction may cause the opposing party; and (4) the injunction, if issued, would not be adverse to the public interest. Seneca-Cayuga Tribe v. State ex rel. Thompson, 874 F.2d 709, 716 (10th Cir. 1989); Tri-State Generation & Transmission Ass'n Inc. v. Shoshone River Power, Inc., 805 F. 2d 351, 355 (10th Cir. 1986).

Likelihood of Success on the Merits - Trademark Claims

6. "A trademark is a distinctive mark, symbol or emblem used by a producer or manufacturer to identify and distinguish his goods form those of others." Educational Development Corp. v. Economy Co., 562 F. 2d 26, 28 (10th Cir. 1977). A trademark is also used to indicate the "source of the goods, even if that source is unknown." 15 U.S.C. §1127.

7. Plaintiff bases its trademark claims on sections 32(1) (trademark infringement) and 43(a) (false designation of origin) of the Federal Trademark Act, 15 U.S.C §§ 1114(1), 1125(a), (Lanham Act).

8. Section 32(1) imposes liability on any person who shall, without the trademark registrant's consent, "use in commerce a reproduction, counterfeit, copy, or colorable imitation of a registered mark...likely to cause confusion, or to cause mistake or to deceive...".

9. Section 43(a) provides in pertinent part:

> Any person who shall affix, apply, or annex, or use in connection with any goods or services...a false designation of origin, or any false description or representation...and shall cause such goods or services to enter into commerce...shall be liable to a civil action...by any person who believes that he is or is likely to be damaged by the use of any such false description of representation.

10. Although section 43(a) is broader in scope than section 32(1) because it does not require trademark registration, it still has the common purpose of preventing consumer confusion regarding the source of a product. Centaur communications, Ltd, v. A/S/M Communications, Inc., 830 F.2d 1217, 1220 (2d Cir. 1987).

11. Plaintiff must first establish that its marks are valid and protectable. Defendant does not appear to contest the validity of plaintiff's marks. Nor does defendant dispute the fact that the mark "UNIVERSAL MONEY CARD" has become incontestable under 15 U.S. C. § 1065 and 115 (b) . Accordingly, the court concludes that plaintiff's marks are valid and protectable under the Lanham Act. Moreover, the court finds it unnecessary, for purposes of this motion, to categorize plaintiff's marks as generic, descriptive, suggestive, or arbitrary. Beer Nuts, Inc. v. Clover Club Foods Co., 711 F.2d 934, 939 (10th Cir. 1983) (Beer Nuts I).

12. Although AT&T has raised the affirmative defense of fair use, the court finds that AT&T has failed to establish that it is using the term "Universal" only in a descriptive sense. See Coherent, Inc. v. Coherent Technologies, Inc., 736 F. Supp. 1055, 1061 (D. Colo. 1990). Rather, for purposes of this motion, the court finds that AT&T is using the term "Universal," in conjunction with the terms "AT&T" and "Card," as a trademark. Beer Nuts I, 711 F.2d at 938.

12. To succeed on either of its infringement claims, plaintiff must demonstrate that AT&T's use of "AT&T Universal Card" creates a likelihood of confusion on the part of an appreciable number of ordinary purchasers. General Mills, Inc. v. Kellogg Co., 824 F.2d 622, 626 (8th Cir. 1987). Confusion is said to exist "when consumers make an incorrect mental association between the involved commercial products or their producers." San Francisco Arts & Athletics, Inc. v. United States Olympic Comm., 483 U.S. 522, 564 (1987).

13. In determining plaintiff's probable success in showing the likelihood of confusion between the UMC and AT&T marks, the court must examine the following

factors: degree of similarity, intent of AT&T in adopting the designation, the relation in use and manner of marketing between the goods or services marketed by AT&T and those marketed by the plaintiff, and the degree of care likely to be exercised by purchasers. Beer Nuts, Inc. v. Clover Club Foods Co., 805 F. 2d 920, 925 (10th Cir. 1986) (Beer Nuts II). However, these factors are not exhaustive; the facts of a particular case may require consideration of other additional variables. Id.

A. Similarity of the Marks

14. The degree of similarity is tested on three levels as encountered in the marketplace: sight, sound and meaning. Beer Nuts I, 711 F.2d at 940. In considering the characteristics of the marks, similarities weigh more heavily than differences. Id.

15. In evaluating similarity, the court must not engage in a side-by-side comparison. Id. at 941. Rather, "the court must determine whether the alleged infringing mark will be confusing to the public when singly presented." Id.

15. Although each mark is to be considered as a whole, the dominant portion of a mark, if any, is entitled to greater weight in evaluating the likelihood of confusion. Continental Scale Corp. v. Weight Watchers International, Inc., 517 F.2d 1378, 1381-82 (C.C.P.A. 1975).

16. The dominant portion of a mark is that which is most noticeable and most unavoidably attracts the public's attention. Gaston's White River Resort v. Rush, 701 F. Supp. 1431, 1438 (W.D. Ark. 1988). The court must analyze each feature of a mark to determine its significance to the mark as a whole and to ascertain the dominant feature of the mark. Id. at 1437-38.

17. The court finds that the degree of similarity between UMC's registered trademarks and the mark

"AT&T Universal Card" is minimal. First, although both the AT&T and the UMC marks use the word "universal," the court believes that the dominant portion of each mark is different. Specifically, the court finds that the dominant portion in each of the UMC marks is the word "UNIVERSAL." In contrast, the court finds that the dominant portion of AT&T's mark is the term "AT&T." Second, the marks have different sounds and cadences. Third, the court notes that there are significant differences in the overall design of the two cards, including the lettering styles, logos, and color schemes. Moreover, a significant number of the cards issued by UMC display the name of an affiliate bank on the front of the card, thus further differentiating such cards from the "AT&T Universal Card." Finally, although there was no evidence presented on this matter, the court does not believe that the two marks convey the same idea or stimulate the same mental reaction. Standard Oil Co. v. Standard Oil Co., 252 F.2d 65, 74 (10th Cir. 1958).

B. Intent of AT&T in Adopting the Term "Universal"

18. "Intent on the part of the alleged infringer to pass off its goods as the product of another raises an inference of likelihood of confusion . . . ." Squirtco v. Seven-Up Co., 628 F.2d 1086, 1091 (8th Cir. 1980). Accordingly, in reviewing the intent of a party in selecting a mark, the proper focus is on whether it intended to deceive the public and derive benefit from a mark already established in the marketplace. Jordache Enterprises, Inc. v. Hogg Wyld Ltd., 828 F.2d 1482, 1485 (10th Cir. 1987).

19. The court finds no intent on the part of AT&T, in selecting the term "Universal", to deceive the public and derive benefit from plaintiff's reputation or goodwill. Paul Kahn specifically testified that he selected

the term "Universal" because of its "generic" qualities. Kahn further testified that he was not even aware of UMC's existence prior to the selection of the mark. In light of this testimony, and in light of AT&T's own reputation and goodwill, the court finds it implausible that the defendant selected its mark with the intention of passing off its card as a product of, or affiliated with, UMC, or with the intention of deriving benefit from UMC's marks.

C. Similarity of the Products

20. Another relevant factor to be considered in determining whether there is a likelihood of confusion is the similarity between the two products. Exxon Corp. v. Texas Motor Exchange of Houston, 628 F.2d 500, 505 (5th Cir. 1980) . "The greater the similarity between the products and services, the greater the likelihood of confusion." Id.

21. Although the services embodied in the UMC and AT&T cards are similar in certain respects, the court finds that the primary purpose of each card is different. Although the UMC card does allow cardholders to make retail debit purchases at limited locations through the BankMate network, the court believes that the primary purpose of the UMC card is to allow cardholders to access cash from ATM'S. In contrast, the court finds that the primary purpose of the AT&T card is to allow cardholders to charge, on credit, long-distance telephone calls and goods and services. Only as an additional cardholder benefit, does the AT&T card provide ATM access through the "Plus" or VISA" networks. Accordingly, the court concludes that the cards are not directly competitive.

D. Relation in Manner of Marketing of the Products

22. The means by which the two products are marketed is relevant to the determination of likelihood

of confusion. Beer Nuts I, 711 F.2d at 941.

23. The court finds that the UMC card and the AT&T card reach the public through significantly different channels. The evidence submitted by the plaintiff indicates that the UMC card is only distributed to persons who have accounts at financial institutions who are affiliated with UMC. Accordingly, to obtain a UMC card, a person must have an account at an affiliate financial institution. The AT&T card, on the other hand, is a "stand-alone" credit card that is distributed to the general public. The court thus concludes that the marketing differences help preclude customer confusion.

E. Degree of Care Exercised by Consumers

24. Another factor to be considered is "the degree of care likely to be exercised by purchasers." Beer Nuts II, 805 F.2d at 925.

25. Inexpensive items which are purchased on impulse or with little care are more likely to be confused than expensive items which are chosen carefully. Beer Nuts I, 711 F.2d at 941.

26. The court finds that the products involved in this case are items which are chosen with at least moderate care by the ordinary purchaser. See Omaha National Bank v. Citibank (South Dakota) . N.A., 633 F. Supp. 231, 235-36 (D. Neb. 1986) (holding that consumers choosing between providers of ATM access cards exercise a relatively high degree of care). Although neither party produced significant evidence on this point, the court believes that, unlike a product which can be purchased on impulse, the UMC card and the AT&T card can only be obtained through a certain amount of effort on the part of consumers. Moreover, the court believes that the average consumer will, at a minimum, read the promotional materials provided by UMC and AT&T

before deciding to request one of the cards. Accordingly, the court believes that the average consumer will be aware of the services embodied in whichever card he or she chooses and will be aware of the source of the card.

F. Actual Confusion

27. Evidence of actual confusion is one of the factors, and perhaps the best evidence, to be considered in making a determination of likelihood of confusion. Exxon, 628 F.2d at 506.

28. However, plaintiff does not have to show actual confusion to prevail; mere likelihood of confusion is sufficient. Volkswagenwerk Aktiengesellschaft v. Wheeler, 814 F.2d 812, 818 (1st Cir. 1987).

29. Here, plaintiff has produced evidence indicating that, since the "AT&T Universal Card" was introduced, there have been approximately 100 instances in which persons have attempted to use AT&T cards in UMC ATM machines. Of these instances, however, UMC employees testified that only 10 have been confirmed as resulting from actual consumer confusion. Moreover, UMC has proffered the deposition testimony of only one consumer, Richard Fjellman, who attempted to use an AT&T card in a UMC ATM.

30. The court finds the deposition testimony of Fjellman to be of questionable value in demonstrating actual confusion. Specifically, the court cannot conclusively determine that Fjellman's confusion resulted from similarities between plaintiff Is and defendant's marks.

31. Aside from Fjellman's deposition testimony, plaintiff has presented no other evidence to support its employees' claims of actual consumer confusion.

32. Assuming that ten instances of actual

confusion have occurred as a result of similarities between the marks, the court finds this evidence numerically insignificant in light of the four million AT&T cards that are in circulation and in light of the 15,000 daily UMC ATM transactions.

G. Evaluation--Likelihood of Confusion

33. After reviewing each of the factors set forth above, the court finds that the plaintiff has failed to demonstrate that there is a likelihood of confusion between the UMC marks and the AT&T mark. Accordingly, the court concludes that plaintiff has failed to demonstrate a substantial likelihood that it will ultimately prevail on the merits of its infringement or false designation claims.

Likelihood of Success on the Merits - Unfair Competition

34. Plaintiff's complaint also includes a state law claim of unfair competition.

35. The law of unfair competition imposes liability against one who markets goods bearing an unprivileged imitation of the physical appearance of another's goods. Polo Fashions. Inc. v. Diebolt, Inc., 634 F. Supp. 786, 790 (D. Kan. 1986).

36. An imitation is unprivileged if the "imitation is likely to cause prospective purchasers to regard [A's] goods as those of [B], and . . . the imitated feature is nonfunctional." Restatement of Torts § 741.

37. Thus, the essential element of an unfair competition claim is the same as that for an infringement or false designation of origin claim. Polo Fashions, 634 F. Supp. at 790.

38. In light of the court's previous conclusions with respect to plaintiff's infringement and false designation claims, the court finds that plaintiff has failed

to demonstrate a substantial likelihood of prevailing on its unfair competition claim.

Irreparable Injury

39. The likelihood of success is only one factor to be considered on a motion for preliminary injunction; irreparable injury is equally important. GTE Corp. v. Williams, 731 F.2d 676, 678 (10th Cir. 1984).

40. Because a trademark represents intangible assets, such as reputation and goodwill, irreparable injury will be presumed upon a showing of trademark infringement. Amoco Oil v. Rainbow Snow, 809 F.2d 656, 663-64 (10th Cir. 1987).

41. Because plaintiff has failed to demonstrate a likelihood of consumer confusion, the court finds that irreparable injury to the plaintiff cannot be presumed.

42. Without this presumption, the court finds that plaintiff is left with little or no evidence of specific irreparable injury. Accordingly, the court concludes that plaintiff has failed to establish that irreparable injury will result if a preliminary injunction is denied.

Balancing of Hardships

43. In considering a motion for preliminary injunction, the court must examine whether the injury to the plaintiff outweighs the harm which granting the injunctive relief would inflict on the defendant.

44. Plaintiff has not presented the court with any evidence of estimated actual damages.

45. Defendant's witnesses testified that significant sums have been spent in developing and promoting the "AT&T Universal Card". Specifically, AT&T has spent in excess of 31 million dollars on advertising the card. This sum is in addition to the several

million dollars that were spent in developing a name for the card.

46. Defendant's witnesses further testified that, if a preliminary injunction were granted, millions of dollars would have to be spent in developing a new card name, in advertising the new card, and in remedying the damage done to AT&T's reputation and goodwill. The court assumes that there would also be significant administrative costs in simply retrieving the millions of cards that have already been issued.

47. The court concludes that this is a case "where an injunction will unfairly disadvantage a second user who has expended considerable sums to promote his [mark] before the first user raised the issue of infringement." McDonald's Corp. v. McBagel's, Inc., 649 F. Supp. 1268, 1279 (S.D.N.Y. 1986). Accordingly, the court finds that plaintiff's speculative injuries are outweighed by the expenses defendant would incur if the preliminary injunction were granted.

Public Interest

48. It is well established that one of the primary purposes in enacting the Lanham Act was to ensure that consumers are not deceived as to the source of goods purchased. See, e.g., Ameritech, Inc. v. American Information Technologies Corp., 811 F.2d 960, 964 (6th Cir. 1987).

49. In light of the court's previous conclusion that the likelihood of significant consumer confusion is minimal, the court does not believe that the public interest demands preliminary injunctive relief. Rather, the court finds that the public interest is best served, at this stage of the proceedings, by allowing consumers to continue using the "AT&T Universal Card".

Conclusion

The court finds that plaintiff has failed to establish its entitlement to a preliminary injunction. Accordingly, plaintiff's motion for preliminary injunction will be denied.

IT IS THEREFORE ORDERED that defendant's motion to strike the testimony of Harvey Perlman (Doc. 166) is denied.

IT IS FURTHER ORDERED that plaintiff's motion for preliminary injunction (Doc. #4) is denied.

Dated this 30th day of August, 1990, at Kansas City, Kansas.

/s/ Earl E. O'Connor
EARL E. O'CONNOR, Chief Judge